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Financial Report

City of Hammond
Louisiana

June 30, 1999

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Release Date 1-19-2000

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Louisiana

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Hannis T. Bourgeois, L.L.P.

Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
Ronald L. Gagnet, CPA*
Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*
Laura E. Monroe, CPA

1111 S. Range Avenue, Suite 101
Denham Springs, LA 70726
Phone: (225) 665-8297
Fax: (225) 667-3813

*Members American Institute of
Certified Public Accountants*

2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809

October 28, 1999

**A Professional Accounting Corporation*

INDEPENDENT AUDITOR'S REPORT

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

We have audited the accompanying general purpose financial statements and the combining, individual fund, and account group financial statements of the City of Hammond, Louisiana, as of and for the year ended June 30, 1999, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of City of Hammond, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the component units discretely presented in the general purpose financial statements which account for 100% of the assets and 100% of the revenues and other sources of the financial resources of the governmental type component units. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, herein, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hammond as of June 30, 1999, and the results of its operations and cash flows of its Proprietary Fund Types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund and account group financial statements present fairly, in all material respects, the financial position of each of the individual funds and individual account groups of the City of Hammond, as of June 30, 1999, and the results of its operations of such individual funds and cash flows of the individual Proprietary Fund Types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 1999 on our consideration of the City of Hammond's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The Year 2000 supplementary information on pages 45-46 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of Hammond is or will become Year 2000 compliant, the City's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business with are or will become Year 2000 compliant.

The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

Harris J. Bourgeois, L.L.P.

GENERAL PURPOSE FINANCIAL STATEMENTS

City of Hammond

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1999

| | Governmental Fund Types | | | | Proprietary Fund Types | |
|---|-------------------------|---------------------|---------------------|---------------------|------------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service |
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Cash Equivalents | \$ 32,860 | \$ 151,796 | \$ 3,596 | \$ 94,165 | \$ 84,403 | \$ 81,253 |
| Investments, at Cost | 531,375 | 2,029,823 | 2,142,203 | 1,453,622 | 1,410,860 | 1,429,422 |
| Receivables (Net, if Applicable of Allowances for Doubtful Accounts): | | | | | | |
| Franchise Taxes | 116,805 | - | - | - | - | - |
| Customers | - | - | - | - | 623,114 | - |
| Notes | - | 215,015 | - | - | - | - |
| Special Assessments: | | | | | | |
| Current Receivable | - | - | - | - | 7,516 | - |
| Delinquent Receivable | - | - | - | - | 5,422 | - |
| Other | 180,179 | 2,704 | - | 25,000 | 7,029 | - |
| Unbilled Water and Sewer Charges | - | - | - | - | 123,537 | - |
| Due from Other Funds | 114,414 | 1,361 | - | - | - | - |
| Due from Other Governments | 407,592 | 1,792,424 | - | 107,226 | 19,850 | - |
| Inventory, at Cost | 192,065 | - | - | - | - | - |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | - | - | - | - | 16,294 | - |
| Investments, at Cost | - | - | - | - | 4,865,426 | - |
| Fixed Assets (Net of Accumulated Depreciation) | - | - | - | - | 14,552,529 | - |
| Other Assets | - | - | - | - | 94,884 | 28,500 |
| Amount Available for Retirement of Long-Term Debt | - | - | - | - | - | - |
| Amount to be Provided for General Long-Term Obligations | - | - | - | - | - | - |
| Total Assets and Other Debits | \$ 1,575,290 | \$ 4,193,123 | \$ 2,145,799 | \$ 1,680,013 | \$ 21,810,864 | \$ 1,539,175 |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 441,953 | \$ 230,936 | \$ - | \$ 229,304 | \$ 178,237 | \$ 780 |
| Retainages Payable | - | - | - | 145,937 | 21,521 | - |
| Payroll Taxes Payable | 22,885 | 580 | - | - | 3,499 | - |
| Claims Payable | - | - | - | - | - | 450,000 |
| Due to Other Funds | - | 1,754 | 5,940 | 32,000 | 76,081 | - |
| Payable from Restricted Assets - | | | | | | |
| Customer Deposits | - | - | - | - | 388,208 | - |
| Accrued Interest Payable | - | - | - | - | 24,983 | - |
| Bonds Payable-Current Portion | - | - | - | - | 482,000 | - |
| Bonds Payable-Long-Term Portion | - | - | - | - | 5,830,000 | - |
| General Obligation Bonds Payable | - | - | - | - | - | - |
| Certificates of Indebtedness | - | - | - | - | - | - |
| Capital Lease Obligation | - | - | - | - | - | - |
| Note Payable | - | - | - | - | - | - |
| Salaries Payable | 160,931 | - | - | - | 17,931 | - |
| Accumulated Leave Payable | - | - | - | - | 91,523 | - |
| Deferred Revenue | - | 58,121 | - | 15,000 | - | - |
| Due to Other Governments | - | - | - | - | 413,786 | - |
| Bonds and Fines Paid in Advance of Trial | - | - | - | - | - | - |
| Total Liabilities | 625,769 | 291,391 | 5,940 | 422,241 | 7,527,769 | 450,780 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Contributed Capital | - | - | - | - | 10,549,219 | - |
| Investment in General Fixed Assets | - | - | - | - | - | - |
| Retained Earnings: | | | | | | |
| Reserved | - | - | - | - | 64,395 | 1,088,395 |
| Unreserved - Undesignated | - | - | - | - | 3,669,481 | - |
| Fund Balances: | | | | | | |
| Reserved for Inventory | 192,065 | - | - | - | - | - |
| Reserved for Encumbrances | 34,992 | - | - | - | - | - |
| Reserved for Debt Service | - | - | 2,143,476 | - | - | - |
| Reserved for Judge's Fees | - | - | - | - | - | - |
| Reserved for Public Defender's Fees | - | - | - | - | - | - |
| Unreserved: | | | | | | |
| Designated | - | 2,101,217 | - | - | - | - |
| Undesignated | 722,464 | 1,800,515 | (3,617) | 1,257,772 | - | - |
| Total Retained Earnings/ Fund Balance | 949,521 | 3,901,732 | 2,139,859 | 1,257,772 | 3,733,876 | 1,088,395 |
| Total Fund Equity | 949,521 | 3,901,732 | 2,139,859 | 1,257,772 | 14,283,095 | 1,088,395 |
| Total Liabilities and Fund Equity | \$ 1,575,290 | \$ 4,193,123 | \$ 2,145,799 | \$ 1,680,013 | \$ 21,810,864 | \$ 1,539,175 |

The accompanying notes constitute an integral part of this statement.

City of Hammond

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
AND DISCREETLY PRESENTED COMPONENT UNITS

For the year ended June 30, 1999

| | Governmental Fund Types | | | | Fiduciary Fund Type Expendable Trusts | Total Primary Government (Memorandum Only) |
|---|-------------------------|--------------------|--------------------|---------------------|--|--|
| | General | Special Revenue | Debt Service | Capital Projects | | |
| Revenues: | | | | | | |
| Taxes | \$ 2,453,972 | \$ 9,938,016 | \$ - | \$ - | \$ - | \$ 12,391,988 |
| Licenses and Permits | 1,720,476 | - | - | - | - | 1,720,476 |
| Court Costs | - | - | - | - | - | - |
| Court Witness Fees | - | 58,443 | - | - | - | 58,443 |
| Fines and Forfeitures | 354,228 | - | - | - | - | 354,228 |
| Sanitation Service Fees | 457,246 | - | - | - | - | 457,246 |
| Intergovernmental | 525,033 | 422,175 | - | 161,259 | 33,997 | 1,142,464 |
| Parks and Recreation | 81,160 | - | - | - | - | 81,160 |
| Airport | - | 54,801 | - | - | - | 54,801 |
| Interest | 23,786 | 140,868 | 98,418 | 30,141 | 1,090 | 294,303 |
| Miscellaneous | 381,008 | 18,387 | - | 25,000 | 1,421 | 425,816 |
| Total Revenues | 5,996,909 | 10,632,690 | 98,418 | 216,400 | 36,508 | 16,980,925 |
| Expenditures: | | | | | | |
| General Government | 1,892,751 | 797,710 | - | - | - | 2,690,461 |
| Public Safety: | | | | | | |
| Police | 3,657,801 | 274,688 | - | - | 46,050 | 3,978,539 |
| Fire | 2,711,919 | 541,266 | - | - | - | 3,253,185 |
| Other | 305,416 | - | - | - | - | 305,416 |
| Highways and Streets | 1,054,722 | 43,424 | - | - | - | 1,098,146 |
| Cemeteries and Municipal Grounds | 471,628 | - | - | - | - | 471,628 |
| Geographic Information Service | 113,904 | - | - | - | - | 113,904 |
| Sanitation | 447,674 | - | - | - | - | 447,674 |
| Parks and Recreation | 455,186 | 235,081 | - | - | - | 690,267 |
| Airport | - | 156,474 | - | - | - | 156,474 |
| Capital Projects | - | - | - | 2,480,491 | - | 2,480,491 |
| Debt Service: | | | | | | |
| Principal Retirement | 34,954 | - | 1,126,000 | - | - | 1,160,954 |
| Interest and Charges | 4,241 | - | 409,076 | - | - | 413,317 |
| Paying Agent Fees | - | - | 2,743 | - | - | 2,743 |
| Total Expenditures | 11,150,196 | 2,048,643 | 1,537,819 | 2,480,491 | 46,050 | 17,263,199 |
| Excess (Deficiency) of Revenues Over Expenditures | (5,153,287) | 8,584,047 | (1,439,401) | (2,264,091) | (9,542) | (282,274) |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from Note Payable | - | 95,445 | - | - | - | 95,445 |
| Sales of Fixed Assets | 22,315 | 3,971 | - | - | - | 26,286 |
| Operating Transfers In | 5,377,832 | 926,548 | 1,394,000 | 2,289,000 | 14,090 | 10,001,470 |
| Operating Transfers Out | (994,838) | (8,629,156) | (160,771) | (150,075) | (2,130) | (9,936,970) |
| Operating Transfers In - From Primary Government | - | - | - | - | - | - |
| Operating Transfers Out - To Component Units | (400,000) | - | - | - | - | (400,000) |
| Total Other Financing Sources (Uses) | 4,005,309 | (7,603,192) | 1,233,229 | 2,138,925 | 11,960 | (213,769) |
| Excess Of Revenue and Other Sources Over (Under) Expenditures and Other Uses | (1,147,978) | 980,855 | (206,172) | (125,166) | 2,418 | (496,043) |
| Fund Balances: | | | | | | |
| Beginning of Year | 2,097,499 | 2,920,877 | 2,346,031 | 1,382,938 | 36,458 | 8,783,803 |
| End of Year | \$ 949,521 | \$ 3,901,732 | \$ 2,139,859 | \$ 1,257,772 | \$ 38,876 | \$ 8,287,760 |

The accompanying notes constitute an integral part of this statement.

| Fiduciary Fund Type | Account Groups | | Total Primary Government (Memorandum Only) | Component Units | | Total Reporting Entity (Memorandum Only) |
|---------------------|----------------------|-------------------------------|--|-----------------------|-----------------------------------|--|
| | General Fixed Assets | General Long-Term Obligations | | City Court of Hammond | Marshall of City Court of Hammond | |
| \$ 30,744 | \$ - | \$ - | \$ 448,076 | \$ 333,413 | \$ 98,024 | \$ 879,513 |
| - | - | - | 9,028,049 | 457,675 | - | 9,485,724 |
| - | - | - | 116,805 | - | - | 116,805 |
| - | - | - | 623,114 | - | - | 623,114 |
| - | - | - | 215,015 | - | - | 215,015 |
| - | - | - | 7,516 | - | - | 7,516 |
| - | - | - | 5,422 | - | - | 5,422 |
| - | - | - | 214,912 | 16,783 | - | 231,695 |
| - | - | - | 123,537 | - | - | 123,537 |
| - | - | - | 115,775 | 1,609 | 2,210 | 119,594 |
| 8,131 | - | - | 2,335,223 | 29,928 | 17,840 | 2,382,991 |
| - | - | - | 192,065 | - | - | 192,065 |
| - | - | - | 16,294 | - | - | 16,294 |
| - | - | - | 4,865,426 | - | - | 4,865,426 |
| - | 12,727,694 | - | 27,280,223 | 243,942 | 82,489 | 27,606,654 |
| - | - | - | 123,384 | - | - | 123,384 |
| - | - | 2,143,476 | 2,143,476 | - | - | 2,143,476 |
| - | - | 5,939,982 | 5,939,982 | 29,679 | - | 5,969,661 |
| <u>\$ 38,878</u> | <u>\$ 12,727,694</u> | <u>\$ 8,083,458</u> | <u>\$ 53,794,294</u> | <u>\$ 1,113,029</u> | <u>\$ 200,563</u> | <u>\$55,107,886</u> |
| \$ - | \$ - | \$ - | \$ 1,081,210 | \$ 20,409 | \$ 29,478 | \$ 1,131,097 |
| - | - | - | 167,458 | - | - | 167,458 |
| - | - | - | 26,964 | - | - | 26,964 |
| - | - | - | 450,000 | - | - | 450,000 |
| - | - | - | 115,775 | 1,609 | 2,210 | 119,594 |
| - | - | - | 388,208 | - | - | 388,208 |
| - | - | - | 24,983 | - | - | 24,983 |
| - | - | - | 482,000 | - | - | 482,000 |
| - | - | - | 5,830,000 | - | - | 5,830,000 |
| - | - | 6,932,000 | 6,932,000 | - | - | 6,932,000 |
| - | - | 210,000 | 210,000 | - | - | 210,000 |
| - | - | 56,534 | 56,534 | - | - | 56,534 |
| - | - | 95,445 | 95,445 | - | - | 95,445 |
| - | - | - | 178,862 | - | - | 178,862 |
| - | - | 789,479 | 881,002 | 29,679 | - | 910,681 |
| - | - | - | 73,121 | - | - | 73,121 |
| - | - | - | 413,786 | - | - | 413,786 |
| - | - | - | - | 470,624 | 2,865 | 473,489 |
| - | - | 8,083,458 | 17,407,348 | 522,321 | 34,553 | 17,964,222 |
| - | - | - | 10,549,219 | - | - | 10,549,219 |
| - | 12,727,694 | - | 12,727,694 | 243,942 | 82,489 | 13,054,125 |
| - | - | - | 1,152,790 | - | - | 1,152,790 |
| 2 | - | - | 3,669,483 | - | - | 3,669,483 |
| - | - | - | 192,065 | - | - | 192,065 |
| - | - | - | 34,992 | - | - | 34,992 |
| - | - | - | 2,143,476 | - | - | 2,143,476 |
| - | - | - | - | 4,199 | - | 4,199 |
| - | - | - | - | 25,076 | - | 25,076 |
| 38,876 | - | - | 2,140,093 | 207,132 | - | 2,347,225 |
| - | - | - | 3,777,134 | 110,359 | 83,521 | 3,971,014 |
| <u>38,878</u> | <u>-</u> | <u>-</u> | <u>13,110,033</u> | <u>346,766</u> | <u>83,521</u> | <u>13,540,320</u> |
| <u>38,878</u> | <u>12,727,694</u> | <u>-</u> | <u>36,386,946</u> | <u>590,708</u> | <u>166,010</u> | <u>37,143,664</u> |
| <u>\$ 38,878</u> | <u>\$ 12,727,694</u> | <u>\$ 8,083,458</u> | <u>\$ 53,794,294</u> | <u>\$ 1,113,029</u> | <u>\$ 200,563</u> | <u>\$55,107,886</u> |

| Component Units | | Total Reporting Entity (Memorandum Only) |
|-----------------------|-----------------------------------|--|
| City Court of Hammond | Marshall of City Court of Hammond | |
| \$ - | \$ - | \$ 12,391,988 |
| - | - | 1,720,476 |
| 337,141 | 116,656 | 453,797 |
| - | - | 58,443 |
| - | - | 354,228 |
| - | - | 457,246 |
| 178,868 | 18,000 | 1,339,332 |
| - | - | 81,160 |
| - | - | 54,801 |
| 13,366 | 3,050 | 310,719 |
| 28,980 | - | 454,796 |
| <u>558,355</u> | <u>137,706</u> | <u>17,676,986</u> |
| 798,533 | 375,162 | 3,864,156 |
| - | - | 3,978,539 |
| - | - | 3,253,185 |
| - | - | 305,416 |
| - | - | 1,098,146 |
| - | - | 471,628 |
| - | - | 113,904 |
| - | - | 447,674 |
| - | - | 690,267 |
| - | - | 156,474 |
| - | - | 2,480,491 |
| - | - | 1,160,954 |
| - | - | 413,317 |
| - | - | 2,743 |
| <u>798,533</u> | <u>375,162</u> | <u>18,436,894</u> |
| (240,178) | (237,456) | (759,908) |
| - | - | 95,445 |
| - | - | 26,286 |
| - | - | 10,001,470 |
| - | - | (9,936,970) |
| 180,000 | 220,000 | 400,000 |
| - | - | (400,000) |
| <u>180,000</u> | <u>220,000</u> | <u>186,231</u> |
| (60,178) | (17,456) | (573,677) |
| <u>406,944</u> | <u>100,977</u> | <u>9,291,724</u> |
| <u>\$ 346,766</u> | <u>\$ 83,521</u> | <u>\$ 8,718,047</u> |

City of Hammond

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES

For the year ended June 30, 1999

| | General Fund | | | Special Revenue Fund Types | | |
|--|--------------------|--------------------|--|----------------------------|--------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Taxes | \$ 2,434,000 | \$ 2,453,972 | \$ 19,972 | \$ 9,842,000 | \$ 9,938,016 | \$ 96,016 |
| Licenses and Permits | 1,650,000 | 1,720,476 | 70,476 | - | - | - |
| Court Witness Fees | - | - | - | 50,000 | 58,443 | 8,443 |
| Fines and Forfeitures | 337,000 | 354,228 | 17,228 | - | - | - |
| Sanitation Service Fees | 485,000 | 457,246 | (27,754) | - | - | - |
| Intergovernmental | 28,103 | 525,033 | 496,930 | 3,561,426 | 422,175 | (3,139,251) |
| Parks and Recreation | 130,109 | 81,160 | (48,949) | - | - | - |
| Airport | - | - | - | 64,400 | 54,801 | (9,599) |
| Interest | 20,000 | 23,786 | 3,786 | 118,850 | 140,868 | 22,018 |
| Miscellaneous | 372,740 | 381,008 | 8,268 | 6,000 | 18,387 | 12,387 |
| Total Revenues | 5,456,952 | 5,996,909 | 539,957 | 13,642,676 | 10,632,690 | (3,009,986) |
| Expenditures: | | | | | | |
| General Government | 2,029,460 | 1,892,751 | 136,709 | 3,894,122 | 797,710 | 3,096,412 |
| Public Safety | 6,245,418 | 6,675,136 | (429,718) | 660,786 | 815,954 | (155,168) |
| Geographic Information Service | 116,621 | 113,904 | 2,717 | - | - | - |
| Highways and Streets | 1,081,850 | 1,054,722 | 27,128 | 87,000 | 43,424 | 43,576 |
| Cemeteries and Municipal Grounds | 446,789 | 471,628 | (24,839) | - | - | - |
| Sanitation | 470,000 | 447,674 | 22,326 | - | - | - |
| Parks and Recreation | 512,108 | 455,186 | 56,922 | 352,548 | 235,081 | 117,467 |
| Airport | - | - | - | 192,755 | 156,474 | 36,281 |
| Debt Service | 39,200 | 39,195 | 5 | - | - | - |
| Total Expenditures | 10,941,446 | 11,150,196 | (208,750) | 5,187,211 | 2,048,643 | 3,138,568 |
| Excess (Deficiency) of Revenues Over Expenditures | (5,484,494) | (5,153,287) | 331,207 | 8,455,465 | 8,584,047 | 128,582 |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from Note Payable | - | - | - | - | 95,445 | 95,445 |
| Sales of Fixed Assets | 22,000 | 22,315 | 315 | - | 3,971 | 3,971 |
| Operating Transfers In | 6,234,036 | 5,377,832 | (856,204) | 529,184 | 926,548 | 397,364 |
| Operating Transfers Out | (915,339) | (994,838) | (79,499) | (9,485,861) | (8,629,156) | 856,705 |
| Operating Transfers In - From Primary Government | - | - | - | - | - | - |
| Operating Transfers Out - To Component Units | (400,000) | (400,000) | - | - | - | - |
| Reserve for Contingencies | (100,000) | - | 100,000 | - | - | - |
| Total Other Financing Sources (Uses) | 4,840,697 | 4,005,309 | (835,388) | (8,956,677) | (7,603,192) | 1,353,485 |
| Excess (Deficiency) of Revenues of Other Sources Over Expenditures and Other Uses | (643,797) | (1,147,978) | (504,181) | (501,212) | 980,855 | 1,482,067 |
| Fund Balances: | | | | | | |
| Beginning of Year | 2,097,499 | 2,097,499 | - | 2,920,877 | 2,920,877 | - |
| End of Year | \$ 1,453,702 | \$ 949,521 | \$ (504,181) | \$ 2,419,665 | \$ 3,901,732 | \$ 1,482,067 |

The accompanying notes constitute an integral part of this statement.

City of Hammond

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY
FUND TYPES AND SIMILAR TRUST FUND

For the year ended June 30, 1999

| | <u>Proprietary Fund Types</u> | <u>Fiduciary</u> | <u>Total</u> |
|---|-------------------------------|-------------------------|----------------------------------|
| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Fund Type - Pension Trust</u> |
| | | | <u>(Memorandum Only)</u> |
| Operating Revenues: | | | |
| Sewer Charge | \$ 1,819,565 | \$ - | \$ - |
| Water Sales | 1,031,142 | - | - |
| Tap-In and Reconnect Fees | 54,389 | - | - |
| Insurance Charges | - | 946,547 | - |
| Miscellaneous | 426 | - | - |
| Total Operating Revenues | <u>2,905,522</u> | <u>946,547</u> | <u>-</u> |
| Operating Expenses: | | | |
| Insurance | - | 850,605 | - |
| Personnel Services | 847,435 | - | - |
| Contractual Services, Supplies, Materials and Other | 952,552 | - | - |
| Depreciation and Amortization | 829,692 | - | - |
| Total Operating Expenses | <u>2,629,679</u> | <u>850,605</u> | <u>-</u> |
| Operating Income | 275,843 | 95,942 | - |
| Non-Operating Revenues (Expenses): | | | |
| Interest Income | 264,082 | 57,438 | 3 |
| Interest Expenses | (328,700) | - | - |
| Total Non-Operating Revenues (Expenses) | <u>(64,618)</u> | <u>57,438</u> | <u>3</u> |
| Income Before Operating Transfers | 211,225 | 153,380 | 3 |
| Operating Transfers Out | (64,000) | - | (500) |
| Net Income (Loss) | 147,225 | 153,380 | (497) |
| Add Depreciation on Fixed Assets Acquired by Capital Contributions that Reduces Contributed Capital | 390,741 | - | - |
| Increase (Decrease) in Retained Earnings | 537,966 | 153,380 | (497) |
| Retained Earnings: | | | |
| Beginning of Year | 3,195,910 | 935,015 | 499 |
| End of Year | <u>\$ 3,733,876</u> | <u>\$ 1,088,395</u> | <u>\$ 2</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND

For the year ended June 30, 1999

| | <u>Proprietary Fund Types</u> | | <u>Fiduciary</u> | <u>Total</u> |
|--|-------------------------------|-------------------------|----------------------------------|--------------------------|
| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Fund Type - Pension Trust</u> | <u>(Memorandum Only)</u> |
| Cash Flows From Operating Activities: | | | | |
| Operating Income | \$ 275,843 | \$ 95,942 | \$ - | \$ 371,785 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 825,083 | - | - | 825,083 |
| Amortization | 4,609 | - | - | 4,609 |
| Provision for Bad Debts | 11,589 | 90,148 | - | 101,737 |
| Change in Current Assets - (Increase) Decrease: | | | | |
| Accounts Receivable | (81,067) | 51,439 | - | (29,628) |
| Unbilled Water and Sewer Charges | 4,768 | - | - | 4,768 |
| Due from Other Governments | (19,850) | - | - | (19,850) |
| Prepaid Insurance | - | (28,500) | - | (28,500) |
| Change in Current Liabilities - Increase (Decrease): | | | | |
| Accounts Payable | 94,043 | (1,617) | - | 92,426 |
| Other Payables | 41,530 | - | - | 41,530 |
| Due to Other Governments | 6,558 | - | - | 6,558 |
| Due to Other Funds | (140,016) | - | - | (140,016) |
| Customer Deposits | 31,373 | - | - | 31,373 |
| Claims Payable | - | 35,596 | - | 35,596 |
| Total Adjustments | <u>778,620</u> | <u>147,066</u> | <u>-</u> | <u>925,686</u> |
| Net Cash Provided by Operating Activities | 1,054,463 | 243,008 | - | 1,297,471 |
| Cash Flows Used in Noncapital Financing Activities: | | | | |
| Operating Transfers Out | (64,000) | - | (500) | (64,500) |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Principal Repayments | (1,145,000) | - | - | (1,145,000) |
| Capital Contributions | 157,960 | - | - | 157,960 |
| Interest Expense | (303,717) | - | - | (303,717) |
| Payment for Capital Assets | (719,994) | - | - | (719,994) |
| Bond Proceeds | 4,922,000 | - | - | 4,922,000 |
| Bond Issuance Costs | (65,693) | - | - | (65,693) |
| Net Cash Provided by Capital and Related Financing Activities | 2,845,556 | - | - | 2,845,556 |
| Cash Flows From Investing Activities: | | | | |
| Interest Income | 264,082 | 57,438 | 3 | 321,523 |
| Purchase of Investments | (4,091,461) | (226,048) | - | (4,317,509) |
| Sale of Investments | - | - | - | - |
| Net Cash Provided by (Used In) Investing Activities | <u>(3,827,379)</u> | <u>(168,610)</u> | <u>3</u> | <u>(3,995,986)</u> |
| Net Increase (Decrease) In Cash | 8,640 | 74,398 | (497) | 82,541 |
| Cash: | | | | |
| Beginning of Year | <u>92,057</u> | <u>6,855</u> | <u>499</u> | <u>99,411</u> |
| End of Year | <u>\$ 100,697</u> | <u>\$ 81,253</u> | <u>\$ 2</u> | <u>\$ 181,952</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Introduction

On April 15, 1977, the United States District Court for the Eastern District of Louisiana ordered, and decreed that the City of Hammond (the City) shall institute the proposed Home Rule Charter dated April 11, 1977. The City operates under a Mayor-Council form of government.

Note 1 - Summary of Significant Accounting Policies -

a. Reporting Entity

As the municipal governing authority, for reporting purposes, the City of Hammond is considered a separate entity. The financial reporting entity consists of (a) the Primary Government (City of Hammond), (b) organizations for which the Primary Government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Primary Government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Hammond for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

a. Reporting Entity (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the City of Hammond has determined that the following component units are part of the reporting entity:

| <u>COMPONENT UNIT</u> | <u>YEAR END</u> | <u>CRITERIA USED</u> |
|---------------------------|-----------------|----------------------|
| Hammond Airport Authority | June 30, 1999 | 1 |
| City Court | June 30, 1999 | 2 |
| City Marshal | June 30, 1999 | 2 |

As required by generally accepted accounting principles, these financial statements present the City of Hammond (the primary government) and its component units.

BLENDDED COMPONENT UNIT

The Hammond Airport Authority is reported as part of the primary government in the General Purpose Financial Statements of the City of Hammond. The Authority, a separate legal entity, was created by the City of Hammond on July 14, 1959. This Authority exists for the sole benefit of the City of Hammond. The Authority is governed by a five member board all of whom are appointed by the Mayor with the approval of the Council of the City of Hammond. The fiscal year end for the Authority is June 30. The separately issued audit report on the Hammond Airport Authority may be obtained at the following address: Mr. Tom Grant, Airport Operations Coordinator; 600 North Airport Road, Hammond, Louisiana 70401.

DISCRETELY PRESENTED COMPONENT UNITS

Component units that are legally separate from the City but are financially accountable to the City, or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete are discretely presented. The Component Units column of the combined financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

Funding for the following state constitutionally defined agencies is included in the City's general fund. These officials however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's General Purpose Financial Statements:

City Court of Hammond - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities. In addition, the City assists in funding the operations of the Court. The City's General Purpose Financial Statements discretely presents the City Court of Hammond's financial statements for the year ended June 30, 1999.

Marshall of City Court of Hammond - The Marshall is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshall in that the City is required to provide the Marshall's office facilities. In addition, the City assists in funding the operations of the Marshall's office. The City's General Purpose Financial Statements discretely presents the Marshall's financial statements for the year ended June 30, 1999.

RELATED ORGANIZATIONS

City officials are also responsible for appointing members of the board of another organization. The City's accountability does not extend beyond making the appointments.

Hammond Section 8 Housing Authority - The Hammond Section 8 Housing Authority is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the primary government.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

The following agency is a non-profit corporation established pursuant to State Statutes to finance debt for various public purposes within Tangipahoa Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of this agency.

Hammond Mortgage Finance Authority

Complete financial statements for each of the City of Hammond's component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397, or at each of the agencies administrative offices.

b. Fund Accounting

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources.

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

b. Fund Accounting (Continued)

1. General Fund - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Debt Service Funds - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. Capital Projects Funds - account for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for the activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
2. Internal Service Fund - accounts for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

b. Fund Accounting (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the municipality. Fiduciary funds include:

1. Expendable Trust Funds - accounted for in essentially the same manner as governmental funds. The resources, including both principal and earnings, may be expended.
2. Nonexpendable Trust Funds - accounted for in essentially the same manner as proprietary funds. The principal may not be expended.

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and expendable trust funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available to finance expenditures of the current fiscal year. Sales taxes are recognized as revenue in the month in which such taxes are paid by taxpayers. Ad Valorem taxes are recognized as revenue in the year budgeted, that is, in the year in which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Licenses and permits and court fines are recognized when received because they are not objectively measurable.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

c. Basis of Accounting (Continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule are (1) principal and interest on general long-term debt is recognized when due and (2) accumulated sick pay, and other employee benefits which are not accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

The Proprietary Funds and Nonexpendable Trust Fund are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Funds and Nonexpendable Trust Fund use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

d. Budgets

The Primary Government municipality follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

d. Budgets (Continued)

4. Only the City Council is authorized to transfer budgeted amounts between departments within any fund or revise the total expenditures of any fund.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds except those Special Revenue Funds established to account for a particular grant. Such grant funds are budgeted over the life of the grant and not necessarily on an annual basis.
6. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Those budgets which the City adopts are on a basis consistent with generally accepted accounting principles as applied to governmental units.

Budgetary data for the Capital Project Funds has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

Budgetary data for the discretely presented component units are not presented in these financial statements.

e. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances because they do not constitute expenditures nor liabilities.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

f. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The City had no cash equivalents at June 30, 1999.

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

Deposit and investment policies of the component units are similar to those of the Primary Government.

g. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables or payables.

h. Inventories

All inventoriable items, such as gasoline, signs and water and sewer supplies are accounted for by the Central Purchasing Department. Inventory is valued at cost (first-in, first-out). The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

i. Bad Debts

Uncollectible amounts due for Ad Valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account, at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

j. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

k. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the following useful lives, stated in years:

| | <u>Water and Sewer</u> |
|-----------------|------------------------|
| Buildings | 25 years |
| Lines and mains | 20 - 50 years |
| Equipment | 4 - 10 years |

l. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

m. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. Depreciation charged to contributed capital for the year ended June 30, 1999 was \$390,741.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

n. Compensated Absences

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges, not requiring current resources, is recorded in the general long-term obligations account group. Leave privileges associated with employees of the proprietary funds are recorded as a fund liability and operating expense.

o. Use of Estimates

The City uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that are used.

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 1 - Summary of Significant Accounting Policies (Continued) -

p. Total Columns on Combined Statements - Overview

Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - Ad Valorem Taxes -

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City during the year and are billed to taxpayers in November. Billed taxes become delinquent on March 1 of the following year. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when received. The City bills and collects its own property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish.

The City is permitted by state law to levy taxes up to seven mills of assessed valuation for general operating purposes. In addition, voters renewed a ten-year millage in 1996 of two mills to be used for public improvements upkeep. The total is for general government services. No assessment was required for payment of long-term debt. On November 6, 1990, the voters of the City passed a ten (10) Mills property tax for a period of ten (10 years), beginning with the year 1991, for the purpose of maintaining and acquiring police and fire protection services, facilities and equipment and paying Police and Fire Department salary adjustments. For the year ended June 30, 1999, taxes of 19.18 mills were levied on property with assessed valuations totaling \$97,069,666. Total taxes levied was \$1,861,798.

Note 3 - Cash and Cash Equivalents -

PRIMARY GOVERNMENT

At June 30, 1999, the City of Hammond has cash (book balances) totaling \$464,370, as follows:

| | |
|----------------------------------|-------------------|
| Cash on Hand | \$ 1,540 |
| Demand Deposits | 84,021 |
| Interest-Bearing Demand Deposits | <u>378,809</u> |
| Total | <u>\$ 464,370</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 3 - Cash and Cash Equivalents (Continued) -

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1999, the City of Hammond has \$761,199 in deposits (collected bank balances). These deposits are secured from risk by \$180,010 of federal deposit insurance and \$581,189 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

DISCREETLY PRESENTED COMPONENT UNITS

The discreetly presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and certificates of deposits) at June 30, 1999, are categorized below in the three levels of credit risk:

| | <u>CATEGORY 1</u> | <u>CATEGORY 2</u> | <u>CATEGORY 3</u> | <u>BANK BALANCES</u> | <u>CARRYING AMOUNT</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|--------------------------|----------------------------|
| City Court of Hammond: | | | | | |
| Demand Deposits | \$216,018 | \$ - | \$124,918 | \$340,936 | \$295,532 |
| Interest-Bearing Demand Deposits | - | - | 37,881 | 37,881 | 37,881 |
| Time Certificates of Deposits | <u>277,675</u> | <u>-</u> | <u>180,000</u> | <u>457,675</u> | <u>457,675</u> |
| | 493,693 | - | 342,799 | 836,492 | 791,088 |

(CONTINUED)

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 3 - Cash and Cash Equivalents (Continued) -

| | <u>CATEGORY 1</u> | <u>CATEGORY 2</u> | <u>CATEGORY 3</u> | <u>BANK BALANCES</u> | <u>CARRYING AMOUNT</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|--------------------------|----------------------------|
| Marshall of City | | | | | |
| Court of Hammond: | | | | | |
| Demand Deposits | 24,893 | - | - | 24,893 | 1,258 |
| Interest-Bearing Demand Deposits | 44,001 | - | - | 44,001 | 44,001 |
| Time Certificates of Deposits | <u>52,765</u> | <u>-</u> | <u>-</u> | <u>52,765</u> | <u>52,765</u> |
| | <u>121,659</u> | <u>-</u> | <u>-</u> | <u>121,659</u> | <u>98,024</u> |
| Total Component Units | <u>\$615,352</u> | <u>\$ -</u> | <u>\$342,799</u> | <u>\$958,151</u> | <u>\$889,112</u> |

Certificates of deposit with a maturity of 90 days or more are classified on the Combined Balance Sheet as "Investments."

Note 4 - Investments -

PRIMARY GOVERNMENT

Investments held at June 30, 1999, of \$13,893,475, are in the Louisiana Asset Management Pool, Inc. (LAMP), a local government pool (see Note 1). In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 1999, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 4 - Investments -

PRIMARY GOVERNMENT (Continued)

are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturities in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

DISCREETLY PRESENTED COMPONENT UNITS

At June 30, 1999, no discreetly presented component unit had invested funds in other than certificates of deposit as disclosed in Note 3.

DEPOSITS AND INVESTMENT SUMMARY

The following is a reconciliation of the carrying amount of deposits and investments to "Cash and Cash Equivalents", "Investments", and Restricted Assets "Cash and Cash Equivalents" and "Investments" in the Combined Balance Sheet.

| | <u>PRIMARY GOVERNMENT</u> | <u>COMPONENT UNITS</u> | <u>TOTAL</u> |
|--|-------------------------------|----------------------------|---------------------|
| Cash and Cash Equivalents: | | | |
| Cash on Hand | \$ 1,540 | \$ - | \$ 1,540 |
| Deposits | 446,536 | 378,672 | 825,208 |
| Certificates of Deposit | <u>-</u> | <u>52,765</u> | <u>52,765</u> |
| Total Cash and Cash Equivalents | 448,076 | 431,437 | 879,513 |
| Investments: | | | |
| Certificates of Deposit | - | 457,675 | 457,675 |
| Investment in Louisiana Asset Management Pool (LAMP) | <u>9,028,049</u> | <u>-</u> | <u>9,028,049</u> |
| Total Investments | 9,028,049 | 457,675 | 9,485,724 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents: | | | |
| Deposits | 16,294 | - | 16,294 |
| Investments: | | | |
| Investment in Louisiana Asset Management Pool (LAMP) | <u>4,865,426</u> | <u>-</u> | <u>4,865,426</u> |
| Total Restricted Assets | <u>4,881,720</u> | <u>-</u> | <u>4,881,720</u> |
| Total Cash, Cash Equivalents and Investments at June 30, 1999 | <u>\$14,357,845</u> | <u>\$889,112</u> | <u>\$15,246,957</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 5 - Receivables -

Receivables as of June 30, 1999, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>GOVERNMENTAL FUNDS</u> | | | <u>PROPRIETARY FUNDS</u> | <u>TOTAL</u> | | <u>COMPONENT UNITS</u> | <u>TOTAL REPORTING ENTITY</u> |
|--------------------------------------|---------------------------|-------------------------|-------------------------|--------------------------|-------------------------|---------------------------|------------------------|-------------------------------|
| | <u>GENERAL</u> | <u>SPECIAL REVENUES</u> | <u>CAPITAL PROJECTS</u> | <u>ENTERPRISE</u> | <u>INTERNAL SERVICE</u> | <u>PRIMARY GOVERNMENT</u> | | |
| Receivables: | | | | | | | | |
| Interest \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,783 | \$ 16,783 |
| Ad Valorem Taxes | 76,892 | - | - | - | - | 76,892 | - | 76,892 |
| Insurance Reimburse-ments | - | - | - | - | 90,148 | 90,148 | - | 90,148 |
| Franchise Taxes | 116,805 | - | - | - | - | 116,805 | - | 116,805 |
| Special Assess-ments | - | - | - | 12,938 | - | 12,938 | - | 12,938 |
| Notes | 180,000 | 247,141 | - | - | - | 427,141 | - | 427,141 |
| Accounts | - | - | - | 659,114 | - | 659,114 | - | 659,114 |
| Other | <u>179</u> | <u>2,704</u> | <u>25,000</u> | <u>7,029</u> | <u>-</u> | <u>34,912</u> | <u>-</u> | <u>34,912</u> |
| Gross Receiv-ables | 373,876 | 249,845 | 25,000 | 679,081 | 90,148 | 1,417,950 | 16,783 | 1,434,733 |
| Less: Allow-ance for Uncollect-ibles | <u>(76,892)</u> | <u>(32,126)</u> | <u>-</u> | <u>(36,000)</u> | <u>(90,148)</u> | <u>(235,166)</u> | <u>-</u> | <u>(235,166)</u> |
| Net Receiv-ables | <u>\$296,984</u> | <u>\$217,719</u> | <u>\$25,000</u> | <u>\$643,081</u> | <u>\$ -</u> | <u>\$1,182,784</u> | <u>\$ 16,783</u> | <u>\$1,199,567</u> |

Note 6 - Interfund Receivables, Payables, Transfers In, Transfers Out -

| | <u>INTERFUND RECEIVABLES</u> | <u>INTERFUND PAYABLES</u> |
|--------------------------|------------------------------|---------------------------|
| Primary Government: | | |
| General Fund | \$ 114,414 | \$ - |
| Special Revenue Funds | 1,361 | 1,754 |
| Debt Service Funds | - | 5,940 |
| Capital Projects Funds | - | 32,000 |
| Proprietary Funds | - | <u>76,081</u> |
| Total Primary Government | 115,775 | 115,775 |

(CONTINUED)

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 6 - Interfund Receivables, Payables, Transfers In,
Transfers Out - (Continued)

| | <u>INTERFUND RECEIVABLES</u> | <u>INTERFUND PAYABLES</u> |
|---|----------------------------------|-------------------------------|
| Component Units: | | |
| City Court of Hammond: | | |
| General Fund | 1,609 | - |
| Agency Funds | - | 1,609 |
| Marshall of City Court of Hammond: | | |
| General Fund | - | 2,210 |
| Agency Fund | <u>2,210</u> | <u>-</u> |
| Total Component Units | <u>3,819</u> | <u>3,819</u> |
| Total Primary Government and Component Units | <u>\$ 119,594</u> | <u>\$ 119,594</u> |

| | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> |
|---|---------------------|----------------------|
| Primary Government: | | |
| General Fund | \$ 5,377,832 | \$ 1,394,838 |
| Special Revenue Funds | 926,548 | 8,629,156 |
| Debt Service Funds | 1,394,000 | 160,771 |
| Capital Projects Funds | 2,289,000 | 150,075 |
| Proprietary Funds | - | 64,500 |
| Fiduciary Funds | <u>14,090</u> | <u>2,130</u> |
| Total Primary Government | 10,001,470 | 10,401,470 |
| Component Units: | | |
| City Court of Hammond | 180,000 | - |
| Marshall City Court of Hammond | <u>220,000</u> | <u>-</u> |
| Total Component Units | <u>400,000</u> | <u>-</u> |
| Total Primary Government and Component Units | <u>\$10,401,470</u> | <u>\$10,401,470</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 7 - Due from Other Governments -

| | GOVERNMENTAL FUNDS | | | PROPRIETARY | FIDUCIARY | TOTAL | COMPONENT | TOTAL |
|---|--------------------|--------------------|------------------|------------------|-----------------|--------------------|------------------|--------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS | FUND ENTERPRISE | FUND TYPE TRUST | PRIMARY GOVERNMENT | | REPORTING ENTITY |
| State of Louisiana: | | | | | | | | |
| Video Poker | \$120,454 | \$ - | \$ - | \$ - | \$ - | \$ 120,454 | \$ - | \$ 120,454 |
| Beer and Tobacco Taxes | 32,655 | - | - | - | - | 32,655 | - | 32,655 |
| Rural Development Grant | - | - | 25,000 | 19,850 | - | 44,850 | - | 44,850 |
| Law Enforcement Grant | 17,400 | 2,521 | - | - | 8,131 | 28,052 | - | 28,052 |
| Aviation Grant | - | - | 20,226 | - | - | 20,226 | - | 20,226 |
| FEMA Grant | 4,258 | - | - | - | - | 4,258 | - | 4,258 |
| Columbia Theatre Grant | - | 109,931 | - | - | - | 109,931 | - | 109,931 |
| Tangipahoa Parish Council | - | - | 30,000 | - | - | 30,000 | - | 30,000 |
| Tangipahoa Parish Rural Fire Dist. #2: | | | | | | | | |
| Fire Insurance Rebate | 35,432 | - | - | - | - | 35,432 | - | 35,432 |
| Fire Prevention and Protection Allocation | 116,250 | - | - | - | - | 116,250 | - | 116,250 |
| Tangipahoa Parish School Board | - | 1,669,317 | - | - | - | 1,669,317 | - | 1,669,317 |
| Other Governments | <u>81,143</u> | <u>10,655</u> | <u>32,000</u> | <u>-</u> | <u>-</u> | <u>123,798</u> | <u>47,768</u> | <u>171,566</u> |
| Total Due from Other Governments | <u>\$407,592</u> | <u>\$1,792,424</u> | <u>\$107,226</u> | <u>\$ 19,850</u> | <u>\$ 8,131</u> | <u>\$2,335,223</u> | <u>\$ 47,768</u> | <u>\$2,382,991</u> |

Note 8 - Changes in General Fixed Assets -

A summary of changes in general fixed assets of the Primary Government is as follows:

| | BALANCE JULY 1, 1998 | ADDITIONS | DELETIONS | BALANCE JUNE 30, 1999 |
|-----------|-------------------------|--------------------|-------------------|--------------------------|
| Land | \$ 1,458,150 | \$ 275,445 | \$ - | \$ 1,733,595 |
| Buildings | 5,251,506 | 247,958 | - | 5,499,464 |
| Vehicles | 3,307,055 | 660,437 | 305,316 | 3,662,176 |
| Equipment | <u>1,605,466</u> | <u>277,048</u> | <u>50,055</u> | <u>1,832,459</u> |
| Totals | <u>\$11,622,177</u> | <u>\$1,460,888</u> | <u>\$ 355,371</u> | <u>\$12,727,694</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 8 - Changes in General Fixed Assets (Continued) -

A summary of changes in general fixed assets of the Component Units is as follows:

| | <u>BALANCE</u> <u>JULY 1, 1998</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>BALANCE</u> <u>JUNE 30, 1999</u> |
|-----------------------------------|---------------------------------------|------------------|------------------|--|
| City Court of Hammond | \$ 192,711 | \$ 51,231 | \$ - | \$ 243,942 |
| Marshall of City Court of Hammond | <u>78,223</u> | <u>4,647</u> | <u>381</u> | <u>82,489</u> |
| Total Component Units | <u>\$ 270,934</u> | <u>\$ 55,878</u> | <u>\$ 381</u> | <u>\$ 326,431</u> |

The following is a summary of proprietary fund type property, plant and equipment for the Primary Government at June 30, 1999:

| | <u>WATER</u> <u>AND SEWER</u> |
|--------------------------------|----------------------------------|
| Land | \$ 23,750 |
| Water: | |
| Buildings | 52,153 |
| Equipment | 195,491 |
| Vehicles | 378,929 |
| Line and Mains | 5,261,414 |
| Sewer: | |
| Buildings | 67,040 |
| Equipment | 193,425 |
| Vehicles | 350,577 |
| Line and Mains | 14,452,818 |
| Construction in Progress | <u>835,072</u> |
| Total | 21,810,669 |
| Less: Accumulated Depreciation | <u>(7,258,140)</u> |
| Net | <u>\$14,552,529</u> |

Construction in progress is composed of expenditures at June 30, 1999 in the amount of \$835,072 for sewer improvement.

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 9 - Restricted Assets Proprietary Fund Type -

Restricted assets for the Primary Government were applicable to the following at June 30, 1999:

| | |
|--------------------------|---------------------|
| Unexpended Bond Proceeds | \$ 3,922,134 |
| Meter Deposit Accounts | 407,721 |
| Bond Sinking Fund | 351,865 |
| Bond Contingency Fund | <u>200,000</u> |
| Total | <u>\$ 4,881,720</u> |

Note 10 - Changes in Long-Term Obligations -

Following is a summary of general obligation bond transactions of the City for the year ended June 30, 1999:

| | |
|--------------------------------|-------------------------------|
| | <u>GENERAL OBLIGATION</u> |
| Bonds Payable at July 1, 1998 | \$ 7,878,000 |
| Bonds Issued | - |
| Bonds Retired | <u>(946,000)</u> |
| Bonds Payable at June 30, 1999 | <u>\$ 6,932,000</u> |

Following is a summary of the certificates of indebtedness transactions of the City for the year ended June 30, 1999:

| | |
|--|---|
| | <u>CERTIFICATES OF INDEBTEDNESS</u> |
| Certificates of Indebtedness Payable at July 1, 1998 | \$ 390,000 |
| Certificates Issued | - |
| Certificates Retired | <u>(180,000)</u> |
| Certificates of Indebtedness Payable at June 30, 1999 | <u>\$ 210,000</u> |

City of Hammond
NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

Following is a summary of utility revenue bond transactions of the City for the year ended June 30, 1999:

| | <u>UTILITY REVENUE BONDS</u> |
|---|---|
| Utility Revenue Bonds Payable at July 1, 1998 | \$2,535,000 |
| Revenue Bonds Issued | 4,922,000 |
| Revenue Bonds Advance Refunded | (980,000) |
| Revenue Bonds Retired | <u>(165,000)</u> |
| Utility Revenue Bonds Payable at June 30, 1999 | \$6,312,000 <u><u> </u></u> |

In February 1997, the City acquired certain equipment for the public works department which was financed through an installment purchase agreement. The agreement requires 48 monthly payments of principal and interest of \$3,266 through January 1, 2001 bearing interest at 5.5%. The debt is currently being serviced through the General Fund. The following is a summary of loan transactions of the City for the year ended June 30, 1999:

| | |
|-----------------------------------|---|
| Loan Payable at July 1, 1998 | \$ 91,488 |
| Proceeds from Loan | - |
| Principal Payments | <u>(34,954)</u> |
| Loan Payable at June 30, 1999 | \$ 56,534 <u><u> </u></u> |

In April 1999, the City acquired a parcel of land for Central Purchasing which was financed through an installment purchase agreement. The agreement requires a single payment of principal and interest on October 1, 1999. Interest is at 6.0% per annum.

| | |
|-----------------------------------|---|
| Loan Payable at July 1, 1998 | \$ - |
| Proceeds from Loan | 95,445 |
| Principal Payment | <u>-</u> |
| Loan Payable at June 30, 1999 | \$ 95,445 <u><u> </u></u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

General Obligation Bonds

| | |
|---|--------------------|
| \$314,000 1976 Public Improvement Sales Tax #5 serial bonds due in annual installments of principal and semiannual installments of interest through March 1, 2001 at 6.00%. | \$ 2,000 |
| \$6,805,000 1991 Public Improvement Refund Bonds, Series 2D, due in annual installments of principal and semiannual installments of interest through December 1, 2004; interest on \$665,000 at 5.65%, on \$710,000 at 5.80%, on \$755,000 at 5.90%, on \$805,000 at 6.00%, on \$450,000 at 6.05%, and on \$480,000 at 6.10%. | 3,865,000 |
| \$3,360,000 1997 Public Improvement Refund Bonds, Series 2E, due in annual installments of principal and semiannual installments of interest through December 1, 2007; interest on \$315,000 at 3.95%, on \$330,000 at 4.00%, on \$345,000 at 4.10%, on \$360,000 at 4.20%, on \$380,000 at 4.15%, on \$400,000 at 4.25%, on \$420,000 at 4.30%, on \$440,000 at 4.35%, on \$75,000 at 4.40%. | <u>3,065,000</u> |
| Total General Obligation Bonds Payable | <u>\$6,932,000</u> |

A schedule of the outstanding sales tax #5 Series bonds and the interest and principal requirements by dates is as follows:

| <u>DUE DATE</u> | <u>SALES TAX #5</u> | | <u>TOTALS</u> |
|-------------------|---------------------|-----------------|-----------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | |
| September 1, 1999 | \$ - | \$ 60 | \$ 60 |
| March 1, 2000 | 1,000 | 60 | 1,060 |
| September 1, 2000 | - | 30 | 30 |
| March 1, 2001 | <u>1,000</u> | <u>30</u> | <u>1,030</u> |
| Totals | <u>\$ 2,000</u> | <u>\$ 180</u> | <u>\$ 2,180</u> |

A combined schedule of the outstanding Public Improvements Series 2D and 2E bonds and the interest and principal requirements by dates is as follows:

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

| <u>DUE DATE</u> | <u>SERIES 2D</u> | | <u>SERIES 2E</u> | | <u>TOTALS</u> |
|------------------|--------------------|------------------|--------------------|------------------|--------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | |
| December 1, 1999 | \$ 665,000 | \$114,051 | \$ 315,000 | \$ 64,089 | \$1,158,140 |
| June 1, 2000 | - | 95,265 | - | 57,868 | 153,133 |
| December 1, 2000 | 710,000 | 95,265 | 330,000 | 57,868 | 1,193,133 |
| June 1, 2001 | - | 74,675 | - | 51,268 | 125,943 |
| December 1, 2001 | 755,000 | 74,675 | 345,000 | 51,268 | 1,225,943 |
| June 1, 2002 | - | 52,403 | - | 44,195 | 96,598 |
| December 1, 2002 | 805,000 | 52,403 | 360,000 | 44,195 | 1,261,598 |
| June 1, 2003 | - | 28,253 | - | 36,635 | 64,888 |
| December 1, 2003 | 450,000 | 28,253 | 380,000 | 36,635 | 894,888 |
| June 1, 2004 | - | 14,640 | - | 28,750 | 43,390 |
| December 1, 2004 | 480,000 | 14,640 | 400,000 | 28,750 | 923,390 |
| June 1, 2005 | - | - | - | 20,250 | 20,250 |
| December 1, 2005 | - | - | 420,000 | 20,250 | 440,250 |
| June 1, 2006 | - | - | - | 11,220 | 11,220 |
| December 1, 2006 | - | - | 440,000 | 11,220 | 451,220 |
| June 1, 2007 | - | - | - | 1,650 | 1,650 |
| December 1, 2007 | - | - | 75,000 | 1,650 | 76,650 |
| Totals | <u>\$3,865,000</u> | <u>\$644,523</u> | <u>\$3,065,000</u> | <u>\$567,761</u> | <u>\$8,142,284</u> |

| <u>RECAP OF GENERAL OBLIGATION BONDS</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|--|--------------------|--------------------|--------------------|
| Sales Tax #5 Serial Bonds | \$ 2,000 | \$ 180 | \$ 2,180 |
| Series 2D and 2E Serial Bonds | <u>6,930,000</u> | <u>1,212,284</u> | <u>8,142,284</u> |
| Totals | <u>\$6,932,000</u> | <u>\$1,212,464</u> | <u>\$8,144,464</u> |

The Sales Tax Series #5 and Series 2D and 2E Bond Indentures provides that all revenues of the Sales Tax Fund are pledged for the purposes and in the following order of priority:

- a. Reasonable and necessary expenses of collecting the tax;
- b. Payments into the Sales Tax Bond Sinking Fund for each issue of the amount required to pay maturing bonds and coupons, such payments to be made in equal monthly installments;

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

- c. Payments into the Sales Tax Bond Reserve Fund for each issue for a specified amount per month until the fund reaches an amount equal to the highest future annual principal and interest requirements for any succeeding calendar year;
- d. All revenues not required for the above payments shall be regarded as surplus and may be used by the City for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring future bonds.

The balances required in the Sinking Funds and Reserve Funds from a strict interpretation of the Bond Resolutions, as compared to the actual balances, are reflected in the following schedules. (These balances are reported in the cash and investment balances in the current asset section of the related balance sheets of the Debt Service Funds):

| <u>SINKING FUNDS</u> | <u>SALES TAX SERIES #5 BONDS</u> | <u>SALES TAX SERIES #2D AND #2E BONDS</u> | <u>TOTAL</u> |
|----------------------|--|---|--------------------|
| Required Balances | \$ 373 | \$ 601,357 | \$ 601,730 |
| Actual Balances | <u>2,024</u> | <u>581,798</u> | <u>583,822</u> |
| Excess (Deficiency) | <u>\$ 1,651</u> | <u>\$ (19,559)</u> | <u>\$ (17,908)</u> |

| <u>RESERVE FUNDS</u> | <u>SALES TAX SERIES #5 BONDS</u> | <u>SALES TAX SERIES #2D AND #2E BONDS</u> | <u>TOTAL</u> |
|----------------------|--|---|------------------|
| Required Balances | \$ 1,120 | \$1,358,196 | \$1,359,316 |
| Actual Balances | <u>3,203</u> | <u>1,418,108</u> | <u>1,421,311</u> |
| Excess | <u>\$ 2,083</u> | <u>\$ 59,912</u> | <u>\$ 61,995</u> |

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all other material limitations and restrictions.

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

Water and Sewer Revenue Bonds

\$2,150,000, 1993 Water & Sewer Revenue Bonds due in annual installments of principal and semiannual installments of interest through December 1, 2005:

| | |
|---------------------------------|-------------|
| Interest on \$170,000 at 4.70%, | |
| Interest on \$180,000 at 4.75%, | |
| Interest on \$190,000 at 4.90%, | |
| Interest on \$195,000 at 5.00%, | |
| Interest on \$205,000 at 5.05%, | |
| Interest on \$220,000 at 5.20%, | |
| Interest on \$230,000 at 5.25% | \$1,390,000 |

\$4,000,000 Series 1998A Water & Sewer Revenue Bonds due in annual installments of principal and semiannual installments of interest through December 1, 2010:

| | |
|---------------------------------|-----------|
| Interest on \$250,000 at 4.10%, | |
| Interest on \$265,000 at 4.30%, | |
| Interest on \$280,000 at 4.40%, | |
| Interest on \$290,000 at 4.50%, | |
| Interest on \$305,000 at 4.60%, | |
| Interest on \$320,000 at 4.65%, | |
| Interest on \$335,000 at 4.70%, | |
| Interest on \$355,000 at 4.75%, | |
| Interest on \$370,000 at 4.80%, | |
| Interest on \$390,000 at 4.85%, | |
| Interest on \$410,000 at 4.95%, | |
| Interest on \$430,000 at 5.05% | 4,000,000 |

\$922,000 Series 1998B Water & Sewer Revenue Refunding Bonds due in annual installments of principal and semiannual installments of interest through December 1, 2010:

| | |
|--------------------------------|----------------|
| Interest on \$62,000 at 4.10%, | |
| Interest on \$65,000 at 4.30%, | |
| Interest on \$65,000 at 4.40%, | |
| Interest on \$65,000 at 4.50%, | |
| Interest on \$70,000 at 4.60%, | |
| Interest on \$70,000 at 4.65%, | |
| Interest on \$75,000 at 4.70%, | |
| Interest on \$85,000 at 4.75%, | |
| Interest on \$85,000 at 4.80%, | |
| Interest on \$85,000 at 4.85%, | |
| Interest on \$95,000 at 4.95%, | |
| Interest on \$100,000 at 5.05% | <u>922,000</u> |

| | |
|-------------------------------------|---------------------------|
| Total Water and Sewer Revenue Bonds | <u><u>\$6,312,000</u></u> |
|-------------------------------------|---------------------------|

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

The Series 1998A and B Bonds were issued on a parity with the 1993 Water and Sewer Bonds and, therefore, required funding is combined.

The balances required in the Contingency Fund, Sinking Fund, and Reserve Fund from a strict interpretation of the Bond Resolution, as compared to actual balances are reflected in the following schedule:

| | <u>SINKING FUND</u> | <u>RESERVE FUND</u> | <u>CONTINGENCY FUND</u> |
|-------------------|-------------------------|-------------------------|-----------------------------|
| Required Balances | \$306,150 | \$ - | \$200,000 |
| Actual Balances | <u>351,866</u> | <u>-</u> | <u>200,000</u> |
| Excess | <u>\$ 45,716</u> | <u>\$ -</u> | <u>\$ -</u> |

A schedule of the outstanding 1993 Water & Sewer Revenue Bonds and interest and principal requirements by date is as follows:

| <u>DUE DATE</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTALS</u> |
|------------------|--------------------|------------------|--------------------|
| December 1, 1999 | \$ 170,000 | \$ 34,734 | \$ 204,734 |
| June 1, 2000 | - | 30,739 | 30,739 |
| December 1, 2000 | 180,000 | 30,739 | 210,739 |
| June 1, 2001 | - | 26,464 | 26,464 |
| December 1, 2001 | 190,000 | 26,464 | 216,464 |
| June 1, 2002 | - | 21,809 | 21,809 |
| December 1, 2002 | 195,000 | 21,809 | 216,809 |
| June 1, 2003 | - | 16,934 | 16,934 |
| December 1, 2003 | 205,000 | 16,934 | 221,934 |
| June 1, 2004 | - | 11,757 | 11,757 |
| December 1, 2004 | 220,000 | 11,757 | 231,757 |
| June 1, 2005 | - | 6,038 | 6,038 |
| December 1, 2005 | <u>230,000</u> | <u>6,038</u> | <u>236,038</u> |
| Totals | <u>\$1,390,000</u> | <u>\$262,216</u> | <u>\$1,652,216</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

A combined schedule of the outstanding Series 1998A and 1998B Water and Sewer Revenue Bonds and the interest and principal requirements by dates is as follows:

| <u>DUE DATE</u> | <u>SERIES 1998A</u> | | <u>SERIES 1998B</u> | | <u>TOTAL</u> |
|------------------|---------------------|--------------------|---------------------|-------------------|--------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | |
| December 1, 1999 | \$ 250,000 | \$ 93,609 | \$ 62,000 | \$ 21,557 | \$ 427,166 |
| June 1, 2000 | - | 88,484 | - | 20,286 | 108,770 |
| December 1, 2000 | 265,000 | 88,484 | 65,000 | 20,286 | 438,770 |
| June 1, 2001 | - | 82,786 | - | 18,889 | 101,675 |
| December 1, 2001 | 280,000 | 82,786 | 65,000 | 18,889 | 446,675 |
| June 1, 2002 | - | 76,626 | - | 17,459 | 94,085 |
| December 1, 2002 | 290,000 | 76,626 | 65,000 | 17,459 | 449,085 |
| June 1, 2003 | - | 70,101 | - | 15,996 | 86,097 |
| December 1, 2003 | 305,000 | 70,101 | 70,000 | 15,996 | 461,097 |
| June 1, 2004 | - | 63,086 | - | 14,386 | 77,472 |
| December 1, 2004 | 320,000 | 63,086 | 70,000 | 14,386 | 467,472 |
| June 1, 2005 | - | 55,646 | - | 12,759 | 68,405 |
| December 1, 2005 | 335,000 | 55,646 | 75,000 | 12,759 | 478,405 |
| June 1, 2006 | - | 47,774 | - | 10,996 | 58,770 |
| December 1, 2006 | 355,000 | 47,774 | 85,000 | 10,996 | 498,770 |
| June 1, 2007 | - | 39,343 | - | 8,978 | 48,321 |
| December 1, 2007 | 370,000 | 39,343 | 85,000 | 8,978 | 503,321 |
| June 1, 2008 | - | 30,463 | - | 6,938 | 37,401 |
| December 1, 2008 | 390,000 | 30,463 | 85,000 | 6,938 | 512,401 |
| June 1, 2009 | - | 21,005 | - | 4,876 | 25,881 |
| December 1, 2009 | 410,000 | 21,005 | 95,000 | 4,876 | 530,881 |
| June 1, 2010 | - | 10,857 | - | 2,525 | 13,382 |
| December 1, 2010 | <u>430,000</u> | <u>10,857</u> | <u>100,000</u> | <u>2,525</u> | <u>543,382</u> |
| Totals | <u>\$4,000,000</u> | <u>\$1,265,951</u> | <u>\$ 922,000</u> | <u>\$ 289,733</u> | <u>\$6,477,684</u> |

The Water and Sewer Revenue Bonds will be secured by and payable solely from income and revenues to be derived by the City from the operations of the public waterworks and sewer plants distribution system of the City, after provisions have been made for the payment therefrom of the reasonable and necessary expenses of operating and maintaining the system.

Certificates of Indebtedness

\$1,100,000, 1990 Certificates of Indebtedness
 serial bonds due in annual installments of
 principal and semiannual installments of interest
 through July 1, 2000; \$210,000 at 7.30% \$210,000

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

A schedule of the outstanding 1990 Certificates and the interest and principal requirements by date is as follows:

| <u>DUE DATE</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTALS</u> |
|-----------------|------------------|-----------------|------------------|
| January 1, 2000 | \$ - | \$ 7,665 | \$ 7,665 |
| July 1, 2000 | <u>210,000</u> | <u>7,665</u> | <u>217,665</u> |
| Totals | <u>\$210,000</u> | <u>\$15,330</u> | <u>\$225,330</u> |

The Certificates of Indebtedness will be secured by and payable from a pledge and dedication of the excess of annual revenues of the City above statutory, necessary and usual charges in each of the fiscal years ending June 30, 1999 to June 30, 2000, inclusive.

The balances required in the Sinking Fund and Reserve Fund from a strict interpretation of the Bond Resolution, as compared to actual balances, are reflected in the following schedule:

| | <u>SINKING FUND</u> | <u>RESERVE FUND</u> |
|-------------------|---------------------|---------------------|
| Required Balances | \$ - | \$110,000 |
| Actual Balances | <u>21,943</u> | <u>115,126</u> |
| Excess | <u>\$ 21,943</u> | <u>\$ 5,126</u> |

Following is a combined schedule of annual requirements to retire all long-term debt as of June 30, 1999:

| YEAR ENDING JUNE 30, | GENERAL LONG-TERM DEBT OBLIGATIONS | | | | | | | PROPRIETARY FUNDS OBLIGATIONS | | |
|-------------------------|------------------------------------|--------------------|-------------------------------|------------------|------------------|-----------------|--------------------|-------------------------------|--------------------|--------------------|
| | GENERAL OBLIGATIONS BONDS | | CERTIFICATES OF INDEBTNESS | | LOANS PAYABLE | | TOTALS | PRINCIPAL | INTEREST | TOTALS |
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | | | | |
| 2000 | \$ 981,000 | \$ 331,393 | \$210,000 | \$ 15,330 | \$132,434 | \$ 4,594 | \$1,674,751 | \$ 482,000 | \$ 289,409 | \$ 771,409 |
| 2001 | 1,041,000 | 279,136 | - | - | 19,545 | 315 | 1,339,996 | 510,000 | 267,648 | 777,648 |
| 2002 | 1,100,000 | 222,541 | - | - | - | - | 1,322,541 | 535,000 | 244,033 | 779,033 |
| 2003 | 1,165,000 | 161,486 | - | - | - | - | 1,326,486 | 550,000 | 218,925 | 768,925 |
| 2004 | 830,000 | 108,278 | - | - | - | - | 938,278 | 580,000 | 192,260 | 772,260 |
| 2005 | 880,000 | 63,640 | - | - | - | - | 943,640 | 610,000 | 163,672 | 773,672 |
| 2006 | 420,000 | 31,470 | - | - | - | - | 451,470 | 640,000 | 133,213 | 773,213 |
| 2007 | 440,000 | 12,870 | - | - | - | - | 452,870 | 440,000 | 107,091 | 547,091 |
| 2008 | 75,000 | 1,650 | - | - | - | - | 76,650 | 455,000 | 85,722 | 540,722 |
| 2009 | - | - | - | - | - | - | - | 475,000 | 63,282 | 538,282 |
| 2010 | - | - | - | - | - | - | - | 505,000 | 39,263 | 544,263 |
| 2011 | - | - | - | - | - | - | - | 530,000 | 13,382 | 543,382 |
| | <u>\$6,932,000</u> | <u>\$1,212,464</u> | <u>\$210,000</u> | <u>\$ 15,330</u> | <u>\$151,979</u> | <u>\$ 4,909</u> | <u>\$8,526,682</u> | <u>\$6,312,000</u> | <u>\$1,817,900</u> | <u>\$8,129,900</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 10 - Changes in Long-Term Obligations (Continued) -

The City received Utility Relocation Assistance Funding from the State of Louisiana Department of Transportation and Development in order to relocate certain utility lines throughout the City. This funding is not considered a loan or a grant and no interest is charged; however, it must be repaid to the State. The total amount originally due to the State was \$490,276 of which ten percent of the remaining balance is due annually. No payment was made by the City during the year ended June 30, 1999. The balance due at June 30, 1999 is \$401,248 and is included on the Balance Sheet in Due to Other Governments. Future repayments to the State are scheduled as follows:

| <u>YEAR ENDING</u> <u>JUNE 30,</u> | |
|---------------------------------------|------------------|
| 2000 | \$ 98,056 |
| 2001 | 49,028 |
| 2002 | 49,028 |
| 2003 | 49,028 |
| 2004 and Beyond | <u>156,108</u> |
| Total | <u>\$401,248</u> |

Note 11 - Due to Other Governments -

A summary of due to other governments at June 30, 1999 follows:

Primary Government:

| | |
|---|--------------|
| Due to State of Louisiana - Morrison Road relocation project | \$401,248 |
| Due to State of Louisiana - Sales Taxes | 5,723 |
| Due to Sewer District Number 1 | <u>6,815</u> |
| Total Primary Government | 413,786 |

Component Units:

| | |
|---|------------------|
| City Court of Hammond | - |
| Marshall of City Court of Hammond | <u>-</u> |
| Total Component Units | <u>-</u> |
| Total Primary Government and Component Units | <u>\$413,786</u> |

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 12 - Meter Deposits -

Meter deposits are paid by customers upon application for utility services and are refundable to them upon termination of service. Receipts from meter deposits are deposited in a meter deposit account and refunds of deposits on termination of service are made from the same account.

The City has a certificate, in addition to the meter deposit account, which is designated specifically for meter deposits. At June 30, 1999, meter deposits amounted to \$388,208 and the balance of cash and investments in the meter deposit account totaled \$407,721.

Note 13 - Pension Plan -

The City of Hammond contributes to the Municipal Employees Retirement System of Louisiana, the Firefighters' Retirement System of Louisiana and the Municipal Police Employees Retirement System of Louisiana. The City's payroll for employees covered by the retirement systems for the year ended June 30, 1999 was \$5,952,596.

a. Municipal Employees' Retirement System

Plan Description - The City contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (MERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1866, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 79370 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required to contribute 9.25% of their annual-covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to the System for the years ended June 30, 1999, 1998 and 1997 were \$158,525, \$143,431 and \$139,764, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 13 - Pension Plan (Continued) -

b. Firefighters' Retirement System

Plan Description - The City contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the City is required to contribute at an actuarially determined rate. The current rate is 9% of annual-covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to the System for the years ended June 30, 1999, 1998 and 1997 were \$124,540, \$123,241 and \$123,298, respectively, equal to the required contributions for each year.

c. Municipal Police Employees' Retirement System

Plan Description - The City contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (MPERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2233, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70809.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 13 - Pension Plan (Continued) -

c. Municipal Police Employees' Retirement System (Continued)

Funding Policy - Plan members are required to contribute 9.0% of their annual-covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 7.5% of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to the System for the years ended June 30, 1999, 1998 and 1997 were \$163,069, \$166,206 and \$156,818, respectively, equal to the required contributions for each year.

Note 14 - Compensated Absences -

At June 30, 1999, employees of the City have accumulated and vested \$881,002 of employee leave benefits, which was computed in accordance with GASB 16. Of this amount, \$789,479 is recorded in the General Long-Term Debt Account Group, and \$91,523 is recorded in the Enterprise Fund.

Note 15 - Defeased Debt -

Current Year - Advance Refunding

On August 20, 1998, the City issued \$922,000 of Water and Sewer Revenue Refunding Bonds, Series 1998B, with interest rates of 4.10% to 5.05% to advance the refund of \$980,000 of 1990 Water Revenue Bonds with interest rates of 7.10% to 7.50%. The Water and Sewer Revenue Refunding Bonds, Series 1998B, were issued at par. The proceeds from the issuance of the 1998B Bonds (\$922,000) along with the "Sinking Fund" and "Reserve Fund" balances of the 1990 Bonds in the amount of \$139,612, provided the source of funds to refund and defease in substance the callable portion of the 1990 Bonds of \$980,000, July 2000, along with accrued interest of \$72,350, a prepayment premium of \$17,300 and other costs of \$13,563.

Total debt service over the next eleven years has been reduced by approximately \$305,000. The City will experience an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$191,000.

The refunding portion of the new issue was used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the aforementioned bond issue. As a result, this issue is considered defeased, and the liability for these bonds has been removed from the Balance Sheet of the Water and Sewer Enterprise Fund.

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 16 - Prior-year Defeasance of Debt -

On August 1, 1987, the City issued \$4.35 million in General Obligation Bonds with interest rates of 6.3% to 10.0% to advance the refund of \$3.3 million of outstanding 1986 Certificates of Indebtedness of the Enterprise Fund with interest rates of 7.0% to 7.75%.

On December 1, 1991, the City issued \$6,805,000, in General Obligation Bonds with interest rates of 4.4% to 6.2% to advance the refund of \$2,360,000 of Public Improvement Bonds with interest rates of 10.4% to 10.75% and \$3,595,000 of Public Improvement Bonds with interest rates of 8.4% to 9.3%.

The City placed sufficient proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements.

Note 17 - Compensation Paid the Mayor and City Council -

The compensation paid the Mayor and City Council for the year ended June 30, 1999, is as follows:

| | |
|--|------------------|
| Louis Tallo, Mayor | \$ 40,000 |
| LaVanner Brown | 7,200 |
| Jerry Correjollles | 7,200 |
| John D. Guerin (Term Expired 12/31/98) | 3,818 |
| Lionel Wells (Term Expired 12/31/98) | 3,818 |
| David Vial (Term Expired 12/31/98) | 3,818 |
| Nicky Muscarello (Term Began 1/01/99) | 3,382 |
| Tony Licciardi (Term Began 1/01/99) | 3,382 |
| Osa Williams (Term Began 1/01/99) | <u>3,382</u> |
| Total | <u>\$ 76,000</u> |

Terms of office expire December 31, 2002.

Note 18 - Deficit Fund Balances of Individual Funds -

The Special Assessment Certificates Fund had a deficit of \$3,619 at June 30, 1999.

The Cafeteria Plan Fund had a deficit of \$205 at June 30, 1999.

The City intends to eliminate the deficit fund balances in the next fiscal year by transferring funds from the General Fund.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 19 - Revenues and Expenditures - Actual and Budget -

The following individual funds had actual revenues less than budgeted revenues or actual expenditures over budgeted expenditures by 5% or more for the year ended June 30, 1999:

| <u>FUND</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>UNFAVORABLE VARIANCES</u> |
|----------------------------------|---------------|---------------|----------------------------------|
| General Fund: | | | |
| Revenues and Other Sources: | | | |
| Sanitation Service Fees | \$ 485,000 | \$ 457,246 | \$ (27,754) |
| Parks and Recreation | 130,109 | 81,160 | (48,949) |
| Operating Transfers In | 6,234,036 | 5,377,832 | (856,204) |
| Expenditures and Other Uses: | | | |
| Police Department | 3,395,551 | 3,657,801 | (262,250) * |
| Fire Department | 2,520,719 | 2,711,919 | (191,200) * |
| Cemeteries and Municipal Grounds | 446,789 | 471,628 | (24,839) |
| Special Revenue Funds: | | | |
| Revenues: | | | |
| Law Enforcement Grants Fund | 22,406 | 15,063 | (7,343) |
| Columbia Theatre Renovation Fund | 3,380,000 | 297,380 | (3,082,620) |
| Law Enforcement Block Grant Fund | 120,368 | 68,814 | (51,554) |
| Expenditures: | | | |
| Fire Millage Fund | 60,000 | 519,055 | (459,055) |

*The City failed to include On-Behalf Payments in the form of State Supplemental Pay in the final amended budget for the year ended June 30, 1999. Police supplemental pay amounted to \$242,010 while Fire supplemental pay amounted to \$192,720.

State law requires that budgets be amended when actual revenue are less than budgeted revenues or actual expenditures exceed budget by 5% or more.

Note 20 - Designated and Reserved Fund Balances -

Fund Balances designated and reserved at June 30, 1999, other than reserves for inventory of \$192,065 and encumbrances of \$34,992 in the General Fund are as follows:

City of Hammond
NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 20 - Designated and Reserved Fund Balances (Continued) -

| | <u>DESIGNATED</u> | | | <u>RESERVED</u> |
|---|--------------------------------------|----------------------------|-----------------------------|-----------------------------------|
| | <u>SPECIAL REVENUE FUNDS</u> | <u>FIDUCIARY FUNDS</u> | <u>TOTAL DESIGNATED</u> | <u>DEBT SERVICE FUNDS</u> |
| Law Enforcement | \$ 4,262 | \$ - | \$ 4,262 | \$ - |
| Confiscated Cash | 4,924 | - | 4,924 | - |
| Fire Dept. Hazardous Materials | 10,603 | - | 10,603 | - |
| Court Witness Fees | 167,140 | - | 167,140 | - |
| Police Education and Training | 21,785 | - | 21,785 | - |
| Downtown Development District | 167,622 | - | 167,622 | - |
| Fire Millage | 419,711 | - | 419,711 | - |
| Police Millage | 258,357 | - | 258,357 | - |
| FmHA Industrial Development | 409,537 | - | 409,537 | - |
| Industrial Development | 637,276 | - | 637,276 | - |
| Project M.O.T.I.O.N. | - | 14,447 | 14,447 | - |
| Library Trust | - | 24,429 | 24,429 | - |
| Sales Tax Bond Certificates of Indebtedness | - | - | - | 2,006,355 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>137,121</u> |
| Fund Balances Designated and Reserved | <u>\$2,101,217</u> | <u>\$ 38,876</u> | <u>\$2,140,093</u> | <u>\$2,143,476</u> |

Note 21 - Changes in Contributed Capital -

Changes in the City's enterprise fund contributed capital accounts for the year ended June 30, 1999 are as follows:

| | <u>CITY</u> | <u>SALES TAX BONDS</u> | <u>CITIZENS</u> | <u>STATE</u> | <u>FEDERAL GOVERNMENT</u> | <u>OTHER</u> | <u>TOTAL</u> |
|---|--------------------|----------------------------|--------------------|------------------|-------------------------------|--------------------|---------------------|
| Contributed Capital at at July 1, 1998 | \$2,800,988 | \$2,127,111 | \$1,738,155 | \$ 62,897 | \$1,576,186 | \$2,476,663 | \$10,782,000 |
| Contribution of Fixed Assets | 157,960 | - | - | - | - | - | 157,960 |
| Depreciation on Fixed Assets | <u>(9,674)</u> | <u>(196,800)</u> | <u>(84,466)</u> | <u>(6,405)</u> | <u>(93,496)</u> | <u>-</u> | <u>(390,741)</u> |
| Contributed Capital at June 30, 1999 | <u>\$2,949,374</u> | <u>\$1,930,311</u> | <u>\$1,653,689</u> | <u>\$ 56,492</u> | <u>\$1,482,690</u> | <u>\$2,476,663</u> | <u>\$10,549,219</u> |

City of Hammond

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 22 - Risk Management -

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risk of loss, the City has established an Insurance Fund (an internal service fund). Under this program, the Insurance Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim and \$25,000 for each general liability claim. The City also purchases commercial insurance for claims in excess of coverage provided by the fund.

The General Fund, Enterprise Fund, and Downtown Development District Fund of the City participate in the program and make payments to the fund based on management's estimates of the amounts needed to pay prior and current year claims. These interfund "premiums" related to workers' compensation, general liability and property insurance coverages are reported as quasi-external transactions. At June 30, 1999, the outstanding claims liability was \$450,000. No estimated liability for incurred but not reported claims has been made. The liability is based on the requirements of GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable and the amount of the loss can be reasonably estimated. Settlements did not exceed insurance coverage for each of the past three fiscal years.

Changes in the general liability and workers' compensation claims liability amount for the years ended June 30, 1999, 1998 and 1997 were:

| | BEGINNING OF YEAR <u>LIABILITY</u> | CURRENT YEAR CLAIMS AND <u>ESTIMATES</u> | CLAIM PAYMENTS | BALANCE AT <u>YEAR END</u> |
|------|--|---|-------------------|-------------------------------|
| 1999 | \$414,040 | 299,654 | 263,694 | 450,000 |
| 1998 | 279,184 | 419,856 | 285,000 | 414,040 |
| 1997 | 57,024 | 397,268 | 175,108 | 279,184 |

Note 23 - Supplemental Pay -

In addition to the compensation paid to the City of Hammond's employees, employees who are firemen, may be eligible to receive supplemental pay. Each type of employee is governed by their particular revised statute. The amount of the compensation is determined by State Law and is revised periodically.

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 23 - Supplemental Pay (Continued) -

As per Louisiana Reviewed Statute 33:2002, any full-time, regular employee of the City fire department who is hired after March 31, 1986 and who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the City obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the fire department are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for fire fighters must be taken into account in calculating fire fighters longevity pay, holiday pay, and overtime pay.

As per Louisiana Revised Statute 33:2219.2, any employee who devotes his or her full working time to law enforcement and who is hired after March 31, 1986 and who has completed a council certified training program as provided in Louisiana Revised statute 40:2405 and is paid a salary of not less than three hundred fifty dollars per month shall be paid by the state extra compensation. A police officer entitled to additional pay out of state funds includes any person employed on a full-time basis who works as a duly commissioned law enforcement officer for the performance of primary duties which encompass the enforcement of state laws, supervisory police work, provides necessary services to the officers, desk sergeant or identification technician or a full-time radio dispatcher. Any person who received additional pay out of state funds shall continue to receive said additional state pay during any period of disability resulting from any injury sustained in the line of duty. The additional pay out of state funds shall continue to be paid to such person until such time that said person is determined to be permanently disabled and not longer able to return to work.

As of June 30, 1999, the City has recognized \$434,730 in revenues (Intergovernmental) and expenditures (public safety) that the State of Louisiana has paid directly to the City's employees.

Note 24 - Litigation and Claims -

At June 30, 1999, the City is a defendant in several lawsuits seeking damages. In the opinion of the City, liabilities arising from these claims and legal actions, if any, will not be significant.

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 ISSUES

June 30, 1999

The Year 2000 Issue

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, requires the City to make disclosures about its state of readiness in addressing the Year 2000 issues for its internal computer systems and equipment. On March 29, 1999, GASB issued Technical Bulletin 99-1 which amended the previously issued disclosure requirements allowing for the disclosure to be made in the required supplementary information (RSI). "This disclosure is written pursuant to the Year 2000 Information and Readiness Disclosure Act, Public Law No. 105-271, 112 Stat. 2386 (1998)."

The Year 2000 Issue is the result of shortcomings in electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond.

The following stages have been identified by the GASB as necessary to implement a Year 2000-compliant system:

Awareness Stage - In this first stage, an organization establishes a budget and project plan (for example, a time line or chart noting major tasks and due date) for dealing with the Year 2000 issue.

Assessment Stage - While in this stage, an organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or, through a risk analysis, identify only mission-critical systems and equipment systems and equipment critical to conducting operations to check compliance.

Remediation Stage - During this stage, an organization actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems. Decisions are made on how to make the system or processes Year 2000 compliant, and the required system changes are made.

Validation/Testing Stage - At this stage, an organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and re-tested.

City of Hammond

YEAR 2000 ISSUES (CONTINUED)

June 30, 1999

To address the Year 2000 issues the City of Hammond hired an outside contractor to work and assist the City's Financial Information Officer in becoming compliant.

Major Systems:

Current status of the City of Hammond's major applications are as follows:

Financial Systems (Financial Information Accounting System, Cash Register System, Property Lien System, Property Tax System, Sales Tax and License Tax System, Vehicle System, and the Operating Systems). In November 1998, a contractor was hired to replace the prior system with a new Windows NT version. Each of the major systems described above have been upgraded and have been tested and validated or are in the process of being tested. All are expected to be compliant by December 31, 1999.

Payroll System was replaced in January 1999, and is compliant.

Public Safety Systems (Building Permit System, Cemetery System, Mausoleum System, Police False Alarm System, Fire Department System, Utility Billing System, Work Order System, and Fixed Asset System). These systems are currently in the remediation and testing stages. Most all of the conversions has been accomplished and all are expected to be compliant by December 31, 1999.

Funding:

Funding for the computer systems has been provided through appropriations in the general fund. Much of the costs can be attributed to the needed advancements in technology and preparation for the Year 2000 problem.

Because of the unprecedented nature of the "Year 2000" issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be "Year 2000" ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be "Year 2000" ready.

FINANCIAL STATEMENTS OF INDIVIDUAL
FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

City of Hammond

GENERAL FUND

BALANCE SHEET

June 30, 1999

ASSETS

| | |
|----------------------------|--------------------|
| Cash and Cash Equivalents | \$ 32,860 |
| Investments, at Cost | 531,375 |
| Franchise Taxes Receivable | 116,805 |
| Other Receivable | 180,179 |
| Due from Other Funds | 114,414 |
| Due from Other Governments | 407,592 |
| Inventory, at Cost | <u>192,065</u> |
| Total Assets | <u>\$1,575,290</u> |

LIABILITIES AND FUND BALANCE

| | |
|------------------------------------|--------------------|
| Liabilities: | |
| Accounts Payable | \$ 441,953 |
| Payroll Taxes Payable | 22,885 |
| Salaries Payable | <u>160,931</u> |
| Total Liabilities | 625,769 |
| Fund Balance: | |
| Reserved for Inventory | 192,065 |
| Reserved for Encumbrances | 34,992 |
| Unreserved - Undesignated | <u>722,464</u> |
| Total Fund Balance | <u>949,521</u> |
| Total Liabilities and Fund Balance | <u>\$1,575,290</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------|--------------------|---|
| Revenues: | | | |
| Taxes | \$ 2,434,000 | \$ 2,453,972 | \$ 19,972 |
| Licenses and Permits | 1,650,000 | 1,720,476 | 70,476 |
| Fines and Forfeitures | 337,000 | 354,228 | 17,228 |
| Sanitation Service Fees | 485,000 | 457,246 | (27,754) |
| Parks and Recreation | 130,109 | 81,160 | (48,949) |
| Intergovernmental | 28,103 | 525,033 | 496,930 |
| Interest | 20,000 | 23,786 | 3,786 |
| Miscellaneous | 372,740 | 381,008 | 8,268 |
| Total Revenues | 5,456,952 | 5,996,909 | 539,957 |
| Expenditures: | | | |
| General Government | 2,029,460 | 1,892,751 | 136,709 |
| Public Safety | 6,245,418 | 6,675,136 | (429,718) |
| Geographic Information Service | 116,621 | 113,904 | 2,717 |
| Highways and Streets | 1,081,850 | 1,054,722 | 27,128 |
| Cemeteries and Municipal Grounds | 446,789 | 471,628 | (24,839) |
| Sanitation | 470,000 | 447,674 | 22,326 |
| Parks and Recreation | 512,108 | 455,186 | 56,922 |
| Debt Service | 39,200 | 39,195 | 5 |
| Total Expenditures | 10,941,446 | 11,150,196 | (208,750) |
| Excess (Deficiency) of Revenues Over Expenditures | (5,484,494) | (5,153,287) | 331,207 |
| Other Financing Sources (Uses): | | | |
| Sale of Fixed Assets | 22,000 | 22,315 | 315 |
| Operating Transfers In | 6,234,036 | 5,377,832 | (856,204) |
| Operating Transfers Out | (915,339) | (994,838) | (79,499) |
| Operating Transfers Out - Component Units | (400,000) | (400,000) | - |
| Reserve for Contingencies | (100,000) | - | 100,000 |
| Total Other Financing Sources (Uses) | 4,840,697 | 4,005,309 | (835,388) |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (643,797) | (1,147,978) | (504,181) |
| Fund Balance: | | | |
| Beginning of Year | 2,097,499 | 2,097,499 | - |
| End of Year | <u>\$ 1,453,702</u> | <u>\$ 949,521</u> | <u>\$ (504,181)</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

GENERAL FUND

STATEMENT OF REVENUES COMPARED TO
BUDGET (GAAP BASIS)

For the year ended June 30, 1999

| | Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------|---------------------|---------------------|--|
| Taxes: | | | |
| Ad Valorem | \$ 1,831,000 | \$ 1,842,402 | \$ 11,402 |
| Alcoholic Beverages | 40,000 | 50,533 | 10,533 |
| Tobacco | 88,000 | 88,212 | 212 |
| Franchise | 475,000 | 472,825 | (2,175) |
| Total Taxes | 2,434,000 | 2,453,972 | 19,972 |
| Licenses and Permits: | | | |
| Occupational | 900,000 | 961,407 | 61,407 |
| Video Poker | 650,000 | 657,883 | 7,883 |
| Other | 100,000 | 101,186 | 1,186 |
| Total Licenses and Permits | 1,650,000 | 1,720,476 | 70,476 |
| Fines and Forfeitures: | | | |
| City Court | 337,000 | 354,228 | 17,228 |
| Sanitation Service Fees | 485,000 | 457,246 | (27,754) |
| Parks and Recreation: | | | |
| Rentals | 5,000 | 3,475 | (1,525) |
| Concessions | 10,000 | 12,086 | 2,086 |
| Registration Fees | 115,109 | 65,599 | (49,510) |
| Total Parks and Recreation | 130,109 | 81,160 | (48,949) |
| Miscellaneous: | | | |
| LA Department of Highways | 17,440 | 16,151 | (1,289) |
| Rural Fire District | 155,000 | 155,000 | - |
| Interest Income | 20,000 | 23,786 | 3,786 |
| Rental Income | 15,600 | 16,914 | 1,314 |
| Fire Insurance Commission | 30,000 | 35,432 | 5,432 |
| Police Reports | 7,000 | 6,314 | (686) |
| Notice Fees on Taxes | 18,000 | 18,417 | 417 |
| Legal Document Fees | 8,000 | 12,443 | 4,443 |
| Sale of Cemetery Plots | 33,000 | 33,995 | 995 |
| Cemetery Fees | 8,000 | 10,805 | 2,805 |
| Intergovernmental | 28,103 | 525,033 | 496,930 |
| False Alarms | 8,000 | 8,250 | 250 |
| Donations | 18,000 | 19,460 | 1,460 |
| Miscellaneous | 54,700 | 47,827 | (6,873) |
| Total Miscellaneous | 420,843 | 929,827 | 508,984 |
| Total Revenues | <u>\$ 5,456,952</u> | <u>\$ 5,996,909</u> | <u>\$ 539,957</u> |

The accompanying notes constitute an integral part of this statement.

CITY OF HAMMOND

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO
BUDGET (GAAP BASIS)

For the year ended June 30, 1999

| | Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|---------------------|---------------------|--|
| General Government: | | | |
| Council | \$ 170,200 | \$ 162,772 | \$ 7,428 |
| Mayor's Office | 236,000 | 193,956 | 42,044 |
| Accounting | 352,700 | 345,447 | 7,253 |
| Purchasing | 211,550 | 203,717 | 7,833 |
| Central Garage | 135,500 | 128,025 | 7,475 |
| Personnel | 163,910 | 127,658 | 36,252 |
| Legal Services | 285,000 | 308,588 | (23,588) |
| Data Processing | 177,400 | 150,410 | 26,990 |
| Insurance | 107,500 | 90,655 | 16,845 |
| Other | 189,700 | 181,523 | 8,177 |
| Total General Government | 2,029,460 | 1,892,751 | 136,709 |
| Public Safety: | | | |
| Police Department: | | | |
| Administration | 691,829 | 707,665 | (15,836) |
| Investigation | 296,868 | 286,238 | 10,630 |
| Patrol | 1,243,516 | 1,515,943 | (272,427) |
| Juvenile | 121,700 | 127,866 | (6,166) |
| Correction | 244,632 | 256,278 | (11,646) |
| Communications | 310,522 | 292,827 | 17,695 |
| Crime Control | 296,884 | 292,422 | 4,462 |
| Traffic Control | 189,600 | 178,562 | 11,038 |
| Total Police Department | 3,395,551 | 3,657,801 | (262,250) |
| Fire Department: | | | |
| Administration | 396,510 | 391,590 | 4,920 |
| Fire Fighting | 1,692,400 | 1,914,392 | (221,992) |
| Prevention | 147,700 | 148,968 | (1,268) |
| Building Inspection | 284,109 | 256,969 | 27,140 |
| Total Fire Department | 2,520,719 | 2,711,919 | (191,200) |
| Other | 329,148 | 305,416 | 23,732 |
| Total Public Safety | 6,245,418 | 6,675,136 | (429,718) |
| Highway and Streets | 1,081,850 | 1,054,722 | 27,128 |
| Cemetaries and Municipal Grounds | 446,789 | 471,628 | (24,839) |
| Geographic Information Service | 116,621 | 113,904 | 2,717 |
| Sanitation | 470,000 | 447,674 | 22,326 |
| Parks and Recreation: | | | |
| Administration | 213,293 | 188,304 | 24,989 |
| Recreation Facilities | 123,852 | 123,827 | 25 |
| Programs | 174,963 | 143,055 | 31,908 |
| Total Parks and Recreation | 512,108 | 455,186 | 56,922 |
| Debt Service | 39,200 | 39,195 | 5 |
| Total Expenditures | <u>\$10,941,446</u> | <u>\$11,150,196</u> | <u>\$ (208,750)</u> |

The accompanying notes constitute an integral part of this statement.

SPECIAL REVENUE FUNDS

Sales Tax Fund - To account for sales and use tax collected and its subsequent disbursement in according with sales tax deduction.

Law Enforcement Grants - To account for the receipt and disbursement of grants passed through from the Louisiana Commission on Law Enforcement.

Confiscated Cash Fund - To account for the collection of the City's share of district court awards and the subsequent disbursement thereof.

Airport - To account for the receipt and disbursements of funds received by the Airport Authority to operate the Hammond Municipal Airport.

Fire Department Hazardous Materials - To account for receipts and disbursements of funds used for hazardous materials.

Emergency Shelter Grant - To account for the receipt and disbursement of funds received from a federal grant. Such funds are used for the operation of an emergency shelter.

Grant Fund - To account for the receipt and disbursements of funds received from a federal grant. Such funds are for assistance in reforestation of trees within the City.

Court Witness Fees Fund - To account for the receipt and disbursement of funds received from the City court for payment of witness fees.

Police Education and Training - To account for the receipt of court costs relating to drug testing of persons convicted of driving while intoxicated and the disbursement of these funds for police education and training.

SPECIAL REVENUE FUNDS (Continued)

Downtown Development District Fund - To account for interfund transfers which pay for the rehabilitation of the downtown district.

Fire Millage Fund - To account for the receipt of property taxes in accordance with property dedication and the disbursement of these funds for fire equipment.

Police Millage Fund - To account for the receipt of property taxes in accordance with property dedication and the disbursement of these funds for police equipment.

Cafeteria Plan Fund - To account for receipts of employee withholdings for medical and dependent care expenses.

FmHA Industrial Development - To account for receipt and disbursement of funds received from FmHA for qualified business loans.

Industrial Development - To account for monies set aside for the promotion of new business within the City's limits.

Local Law Enforcement Block Grant - To account for the receipt and disbursement of funds related to a federal grant for law enforcement purposes.

Columbia Theater Renovation - To account for the receipt and disbursement of funds received from the State for the purpose of renovating the Columbia Theater.

City of Hammond

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

| | <u>Sales Tax</u> | <u>Law Enforcement Grants</u> | <u>Confiscated Cash</u> | <u>Fire Dept. Hazardous Materials</u> | <u>Airport</u> | <u>Emergency Shelter Grant</u> | <u>Grant Fund</u> | <u>Court Witness Fees</u> |
|---|----------------------|---------------------------------------|-----------------------------|---|------------------|--|-----------------------|-----------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 17,264 | \$ - | \$ 525 | \$ 689 | \$ 65,688 | \$ 2,368 | \$ 1 | \$ 19,097 |
| Investments, at Cost | 73,512 | 380 | 38,853 | 10,198 | - | - | - | 137,874 |
| Accounts Receivable | - | - | - | - | 2,704 | - | - | - |
| Note Receivable - (Net of Allowance for Doubtful Accounts of \$32,126) | - | - | - | - | - | - | - | - |
| Due From Other Funds | - | 1,361 | - | - | - | - | - | - |
| Due from Other Governments | 1,669,317 | 2,521 | - | - | - | - | - | 10,194 |
| Total Assets | \$ 1,760,093 | \$ 4,262 | \$ 39,378 | \$ 10,887 | \$ 68,392 | \$ 2,368 | \$ 1 | \$ 167,165 |
| LIABILITIES AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ 34,291 | \$ - | \$ 34,454 | \$ 284 | \$ 5,675 | \$ - | \$ - | \$ 25 |
| Payroll Taxes Payable | - | - | - | - | 580 | - | - | - |
| Due to Other Funds | 1,362 | - | - | - | - | - | - | - |
| Salaries Payable | - | - | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | 2,359 | - | - |
| Total Liabilities | 35,653 | - | 34,454 | 284 | 6,255 | 2,359 | - | 25 |
| Fund Balance: | | | | | | | | |
| Designated | - | 4,262 | 4,924 | 10,603 | - | - | - | 167,140 |
| Undesignated | 1,724,440 | - | - | - | 62,137 | 9 | 1 | - |
| Total Fund Balance | 1,724,440 | 4,262 | 4,924 | 10,603 | 62,137 | 9 | 1 | 167,140 |
| Total Liabilities and Fund Balance | \$ 1,760,093 | \$ 4,262 | \$ 39,378 | \$ 10,887 | \$ 68,392 | \$ 2,368 | \$ 1 | \$ 167,165 |

| <u>Police Education and Training</u> | <u>Downtown Development District</u> | <u>Fire Millage</u> | <u>Police Millage</u> | <u>Cafeteria Plan</u> | <u>FmHA Industrial Development</u> | <u>Industrial Development</u> | <u>Local Law Enforcement Block Grant</u> | <u>Columbia Theater Renovation</u> | <u>Total</u> |
|--|--|-------------------------------|-----------------------------|---------------------------|--|-----------------------------------|--|--|---|
| \$ 375 21,410 - - - | \$ 6,406 185,246 - - 461 | \$ 8,045 411,728 - - | \$ 630 275,643 - - | \$ 3,994 - - | \$ 5,564 188,958 - 215,015 - | \$ 1,332 635,944 - | \$ 19,731 50,077 - | \$ 87 - - 109,931 | \$ 151,796 2,029,823 2,704 215,015 1,361 1,792,424 |
| <u>\$ 21,785</u> | <u>\$ 192,113</u> | <u>\$ 419,773</u> | <u>\$ 276,273</u> | <u>\$ 3,994</u> | <u>\$ 409,537</u> | <u>\$ 637,276</u> | <u>\$ 69,808</u> | <u>\$ 110,018</u> | <u>\$ 4,193,123</u> |
| \$ - - - - | \$ 24,491 - - - | \$ 62 - - - | \$ 17,916 - - - | \$ 3,807 - 392 - | \$ - - - | \$ - - - | \$ - - - 55,693 | \$ 109,931 - - 69 | \$ 230,936 580 1,754 58,121 |
| - | 24,491 | 62 | 17,916 | 4,199 | - | - | 55,693 | 110,000 | 291,391 |
| 21,785 - | 167,622 - | 419,711 - | 258,357 - | - (205) | 409,537 - | 637,276 - | - 14,115 | - 18 | 2,101,217 1,800,515 |
| <u>21,785</u> | <u>167,622</u> | <u>419,711</u> | <u>258,357</u> | <u>(205)</u> | <u>409,537</u> | <u>637,276</u> | <u>14,115</u> | <u>18</u> | <u>3,901,732</u> |
| <u>\$ 21,785</u> | <u>\$ 192,113</u> | <u>\$ 419,773</u> | <u>\$ 276,273</u> | <u>\$ 3,994</u> | <u>\$ 409,537</u> | <u>\$ 637,276</u> | <u>\$ 69,808</u> | <u>\$ 110,018</u> | <u>\$ 4,193,123</u> |

City of Hammond
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 1999

| | Sales Tax | Law Enforcement Grants | Confiscated Cash | Fire Dept. Hazardous Materials | Airport | Emergency Shelter Grant | Grant Fund | Court Witness Fees |
|---|--------------------|------------------------------|---------------------|--------------------------------------|----------------|-------------------------------|---------------|--------------------------|
| Revenues: | | | | | | | | |
| Taxes | \$ 9,838,068 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Court Witness Fees | - | - | - | - | - | - | - | 58,443 |
| Intergovernmental | - | 14,924 | - | - | 7,287 | 26,824 | - | - |
| Interest | 47,600 | 139 | 1,245 | 582 | - | 4 | - | 5,896 |
| Miscellaneous | - | - | - | 2,290 | 54,801 | - | - | - |
| Total Revenues | 9,885,668 | 15,063 | 1,245 | 2,872 | 62,088 | 26,828 | - | 64,339 |
| Expenditures: | | | | | | | | |
| General Government | 453,749 | - | - | - | - | 26,824 | - | - |
| Public Safety: | | | | | | | | |
| Police | - | 16,456 | - | - | - | - | - | 27,063 |
| Fire | - | - | - | 7,211 | - | - | - | - |
| Inspection | 15,000 | - | - | - | - | - | - | - |
| Highways and Streets | 43,424 | - | - | - | - | - | - | - |
| Parks and Recreation | 67,503 | - | - | - | - | - | - | - |
| Airport | - | - | - | - | 156,474 | - | - | - |
| Total Expenditures | 579,676 | 16,456 | - | 7,211 | 156,474 | 26,824 | - | 27,063 |
| Excess (Deficiency) of Revenues Over Expenditures | 9,305,992 | (1,393) | 1,245 | (4,339) | (94,386) | 4 | - | 37,276 |
| Other Financing Sources (Uses): | | | | | | | | |
| Proceeds from Note Payable | 95,445 | - | - | - | - | - | - | - |
| Operating Transfer In | 181,075 | 5,463 | - | 2,680 | 134,875 | - | - | - |
| Operating Transfer Out | (8,518,764) | - | - | - | - | - | - | - |
| Proceeds From Sale of Assets | - | - | - | - | 3,971 | - | - | - |
| Total Other Financing Sources (Uses) | (8,242,244) | 5,463 | - | 2,680 | 138,846 | - | - | - |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 1,053,748 | 4,070 | 1,245 | (1,659) | 44,460 | 4 | - | 37,276 |
| Fund Balances (Deficit): | | | | | | | | |
| Beginning of Year | 660,692 | 192 | 3,679 | 12,262 | 17,677 | 5 | 1 | 129,864 |
| End of Year | \$ 1,724,440 | \$ 4,262 | \$ 4,924 | \$ 10,603 | \$ 62,137 | \$ 9 | \$ 1 | \$ 167,140 |

| Police Education and Training | Downtown Development District | Fire Millage | Police Millage | Cafeteria Plan | FmHA Industrial Development | Industrial Development | Local Law Enforcement Block Grant | Columbia Theater Renovation | Total |
|-------------------------------|-------------------------------|--------------|----------------|----------------|-----------------------------|------------------------|-----------------------------------|-----------------------------|--------------|
| \$ - | \$ 99,948 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,930,016 |
| - | - | - | - | - | - | - | - | - | 58,443 |
| - | 6,946 | - | - | - | - | - | 68,814 | 297,380 | 422,175 |
| 1,145 | 10,329 | 21,344 | 8,597 | 54 | 16,480 | 26,968 | 397 | 18 | 140,868 |
| 6,504 | 8,493 | - | - | - | 100 | 1,000 | - | - | 73,188 |
| 7,649 | 125,786 | 21,344 | 8,597 | 54 | 16,580 | 27,968 | 69,211 | 297,398 | 10,632,690 |
| - | - | - | - | - | - | 19,757 | - | 297,380 | 797,710 |
| 12,384 | - | - | 145,669 | - | - | - | 73,116 | - | 274,688 |
| - | - | 519,055 | - | - | - | - | - | - | 526,266 |
| - | - | - | - | - | - | - | - | - | 15,000 |
| - | 167,578 | - | - | - | - | - | - | - | 43,424 |
| - | - | - | - | - | - | - | - | - | 235,081 |
| - | - | - | - | - | - | - | - | - | 156,474 |
| 12,384 | 167,578 | 519,055 | 145,669 | - | - | 19,757 | 73,116 | 297,380 | 2,048,643 |
| (4,735) | (41,792) | (497,711) | (137,072) | 54 | 16,580 | 8,212 | (3,905) | 18 | 8,584,047 |
| - | - | - | - | - | - | - | - | - | 95,445 |
| - | - | 219,657 | 239,657 | - | - | 120,771 | 13,370 | - | 926,548 |
| - | (35,000) | - | - | (392) | - | (75,000) | - | - | (9,629,156) |
| - | - | - | - | - | - | - | - | - | 2,971 |
| - | (35,000) | 219,657 | 239,657 | (392) | - | 54,771 | 13,370 | - | (7,603,192) |
| (4,735) | (76,792) | (278,054) | 102,585 | (338) | 16,580 | 62,982 | 9,465 | 18 | 980,855 |
| 26,520 | 244,414 | 697,765 | 155,772 | 133 | 392,957 | 574,294 | 4,650 | - | 2,920,877 |
| \$ 21,785 | \$ 167,622 | \$ 419,711 | \$ 258,357 | \$ (205) | \$ 409,537 | \$ 637,276 | \$ 14,115 | \$ 18 | \$ 3,901,732 |

City of Hammond

SPECIAL REVENUE FUND
SALES TAX FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--------------------|---------------------|---|
| Revenues: | | | |
| Sales and Use Tax | \$ 9,750,000 | \$ 9,838,068 | \$ 88,068 |
| Interest | 45,000 | 47,600 | 2,600 |
| Total Revenues | <u>9,795,000</u> | <u>9,885,668</u> | <u>90,668</u> |
| Expenditures: | | | |
| General Government | 466,200 | 453,749 | 12,451 |
| Public Safety: | | | |
| Inspection | 15,000 | 15,000 | - |
| Highways and Streets | 87,000 | 43,424 | 43,576 |
| Parks and Recreation | 78,568 | 67,503 | 11,065 |
| Total Expenditures | <u>646,768</u> | <u>579,676</u> | <u>67,092</u> |
| Excess of Revenues Over Expenditures | 9,148,232 | 9,305,992 | 157,760 |
| Other Financing Sources (Uses): | | | |
| Proceeds from Note Payable | - | 95,445 | 95,445 |
| Operating Transfer In | - | 181,075 | 181,075 |
| Operating Transfer Out | (9,375,861) | (8,518,764) | 857,097 |
| Total Other Financing Sources (Uses) | <u>(9,375,861)</u> | <u>(8,242,244)</u> | <u>1,133,617</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (227,629) | 1,063,748 | 1,291,377 |
| Fund Balance: | | | |
| Beginning of Year | <u>660,692</u> | <u>660,692</u> | <u>-</u> |
| End of Year | <u>\$ 433,063</u> | <u>\$ 1,724,440</u> | <u>\$1,291,377</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
LAW ENFORCEMENT GRANTS FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICIT)
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|-----------------|---|
| Revenues: | | | |
| Intergovernmental | \$ 22,406 | \$ 14,924 | \$ (7,482) |
| Interest | - | 139 | 139 |
| Total Revenues | 22,406 | 15,063 | (7,343) |
| Expenditures: | | | |
| Public Safety: | | | |
| Police | 25,740 | 16,456 | 9,284 |
| (Deficiency) of Revenues Over Expenditures | (3,334) | (1,393) | 1,941 |
| Other Financing Sources: | | | |
| Operating Transfer In | 3,334 | 5,463 | 2,129 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | - | 4,070 | 4,070 |
| Fund Balance: | | | |
| Beginning of Year | 192 | 192 | - |
| End of Year | <u>\$ 192</u> | <u>\$ 4,262</u> | <u>\$ 4,070</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
CONFISCATED CASH FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------|----------------|----------------|---|
| Revenue: | | | |
| Interest | \$ 250 | \$1,245 | \$ 995 |
| Fund Balance: | | | |
| Beginning of Year | <u>3,679</u> | <u>3,679</u> | <u>-</u> |
| End of Year | <u>\$3,929</u> | <u>\$4,924</u> | <u>\$ 995</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
FIRE DEPARTMENT HAZARDOUS MATERIALS FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------|------------------|---|
| Revenues: | | | |
| Interest | \$ 400 | \$ 582 | \$ 182 |
| Miscellaneous | - | 2,290 | 2,290 |
| Total Revenues | 400 | 2,872 | 2,472 |
| Expenditures: | | | |
| Public Safety: | | | |
| Fire | 7,680 | 7,211 | 469 |
| Excess (Deficiency) of Revenues Over Expenditures | (7,280) | (4,339) | 2,941 |
| Other Financing Sources: | | | |
| Operating Transfer In | 2,680 | 2,680 | - |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | (4,600) | (1,659) | 2,941 |
| Fund Balance: | | | |
| Beginning of Year | 12,262 | 12,262 | - |
| End of Year | <u>\$ 7,662</u> | <u>\$ 10,603</u> | <u>\$ 2,941</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond
SPECIAL REVENUE FUND
AIRPORT FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|------------------|------------------|---|
| Revenues: | | | |
| Intergovernmental | \$ - | \$ 7,287 | \$ 7,287 |
| Miscellaneous | 64,400 | 54,801 | (9,599) |
| Total Revenues | 64,400 | 62,088 | (2,312) |
| Expenditures: | | | |
| Airport | 192,755 | 156,474 | 36,281 |
| Excess (Deficiency) of Revenues Over Expenditures | (128,355) | (94,386) | 33,969 |
| Other Financing Sources: | | | |
| Operating Transfer In | 130,000 | 134,875 | 4,875 |
| Proceeds From Sale of Assets | - | 3,971 | 3,971 |
| Total Other Financing Sources | 130,000 | 138,846 | 8,846 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | 1,645 | 44,460 | 42,815 |
| Fund Balance: | | | |
| Beginning of Year | 17,677 | 17,677 | - |
| End of Year | <u>\$ 19,322</u> | <u>\$ 62,137</u> | <u>\$ 42,815</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
EMERGENCY SHELTER GRANT FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|---------------|---|
| Revenue: | | | |
| Intergovernmental | \$ 26,672 | \$ 26,824 | \$ 152 |
| Interest | <u>-</u> | <u>4</u> | <u>4</u> |
| Total Revenues | 26,672 | 26,828 | 156 |
| Expenditures: | | | |
| General Government | <u>26,672</u> | <u>26,824</u> | <u>(152)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | 4 | 4 |
| Fund Balance: | | | |
| Beginning of Year | <u>5</u> | <u>5</u> | <u>-</u> |
| End of Year | <u>\$ 5</u> | <u>\$ 9</u> | <u>\$ 4</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
COURT WITNESS FEES FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------|-------------------|---|
| Revenues: | | | |
| Court Witness Fees | \$ 50,000 | \$ 58,443 | \$ 8,443 |
| Interest | 7,000 | 5,896 | (1,104) |
| Total Revenues | 57,000 | 64,339 | 7,339 |
| Expenditures: | | | |
| Public Safety: | | | |
| Police | 47,000 | 27,063 | 19,937 |
| Excess (Deficiency) of Revenues Over Expenditures | 10,000 | 37,276 | 27,276 |
| Fund Balance: | | | |
| Beginning of Year | 129,864 | 129,864 | - |
| End of Year | <u>\$ 139,864</u> | <u>\$ 167,140</u> | <u>\$ 27,276</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
POLICE EDUCATION AND TRAINING FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|------------------|------------------|---|
| Revenues: | | | |
| Interest | \$ 1,200 | \$ 1,145 | \$ (55) |
| Miscellaneous | <u>3,000</u> | <u>6,504</u> | <u>3,504</u> |
| Total Revenues | 4,200 | 7,649 | 3,449 |
| Expenditures: | | | |
| Public Safety: | | | |
| Police | <u>10,000</u> | <u>12,384</u> | <u>(2,384)</u> |
| Deficiency of Revenues Over Expenditures | (5,800) | (4,735) | 1,065 |
| Fund Balance: | | | |
| Beginning of Year | <u>26,520</u> | <u>26,520</u> | <u>-</u> |
| End of Year | <u>\$ 20,720</u> | <u>\$ 21,785</u> | <u>\$ 1,065</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
DOWNTOWN DEVELOPMENT DISTRICT FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|------------------|-------------------|---|
| Revenues: | | | |
| Taxes | \$ 92,000 | \$ 99,948 | \$ 7,948 |
| Intergovernmental | 11,980 | 6,946 | (5,034) |
| Interest | 10,000 | 10,399 | 399 |
| Miscellaneous | 3,000 | 8,493 | 5,493 |
| Total Revenues | 116,980 | 125,786 | 8,806 |
| Expenditures: | | | |
| Parks and Recreation | 273,980 | 167,578 | 106,402 |
| Excess (Deficiency) of Revenues Over Expenditures | (157,000) | (41,792) | 115,208 |
| Other Financing Sources (Uses): | | | |
| Operating Transfer In | - | - | - |
| Operating Transfers Out | (35,000) | (35,000) | - |
| Total Other Financing Sources (Uses) | (35,000) | (35,000) | - |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | (192,000) | (76,792) | 115,208 |
| Fund Balance: | | | |
| Beginning of Year | 244,414 | 244,414 | - |
| End of Year | <u>\$ 52,414</u> | <u>\$ 167,622</u> | <u>\$ 115,208</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
FIRE MILLAGE FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------|-------------------|---|
| Revenue: | | | |
| Interest | \$ 20,000 | \$ 21,344 | \$ 1,344 |
| Expenditures: | | | |
| Public Safety: | | | |
| Fire | <u>60,000</u> | <u>519,055</u> | <u>(459,055)</u> |
| Total Expenditures | <u>60,000</u> | <u>519,055</u> | <u>(459,055)</u> |
| (Deficiency) of Revenues Over Expenditures | (40,000) | (497,711) | (457,711) |
| Other Financing Sources: | | | |
| Operating Transfer In | <u>179,900</u> | <u>219,657</u> | <u>39,757</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | 139,900 | (278,054) | (417,954) |
| Fund Balance: | | | |
| Beginning of Year | <u>697,765</u> | <u>697,765</u> | - |
| End of Year | <u>\$ 837,665</u> | <u>\$ 419,711</u> | <u>\$ (417,954)</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
POLICE MILLAGE FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------|-------------------|---|
| Revenue: | | | |
| Interest | \$ 8,000 | \$ 8,597 | \$ 597 |
| Expenditures: | | | |
| Public Safety: | | | |
| Police | <u>361,624</u> | <u>145,669</u> | <u>215,955</u> |
| Deficiency of Revenues Over Expenditures | (353,624) | (137,072) | 216,552 |
| Other Financing Sources: | | | |
| Operating Transfer In | <u>199,900</u> | <u>239,657</u> | <u>39,757</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | (153,724) | 102,585 | 256,309 |
| Fund Balance: | | | |
| Beginning of Year | <u>155,772</u> | <u>155,772</u> | - |
| End of Year | <u>\$ 2,048</u> | <u>\$ 258,357</u> | <u>\$ 256,309</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
CAFETERIA PLAN FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------|-----------------|---|
| Revenue: | | | |
| Interest | \$ - | \$ 54 | \$ 54 |
| Other Financing Uses: | | | |
| Operating Transfer Out | <u>-</u> | <u>(392)</u> | <u>(392)</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Uses | - | (338) | (338) |
| Fund Balance: | | | |
| Beginning of Year | <u>133</u> | <u>133</u> | <u>-</u> |
| End of Year | <u>\$133</u> | <u>\$ (205)</u> | <u>\$ (338)</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
FmHA INDUSTRIAL DEVELOPMENT GRANT FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------------|-------------------|-------------------|---|
| Revenues: | | | |
| Interest | \$ - | \$ 16,480 | \$ 16,480 |
| Miscellaneous | - | 100 | 100 |
| Total Revenues | - | 16,580 | 16,580 |
| Expenditures: | | | |
| General Government | - | - | - |
| Excess of Revenues Over Expenditures | - | 16,580 | 16,580 |
| Fund Balance: | | | |
| Beginning of Year | <u>392,957</u> | <u>392,957</u> | - |
| End of Year | <u>\$ 392,957</u> | <u>\$ 409,537</u> | <u>\$ 16,580</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
INDUSTRIAL DEVELOPMENT FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-------------------|-------------------|---|
| Revenue: | | | |
| Interest | \$ 27,000 | \$ 26,968 | \$ (32) |
| Miscellaneous | - | 1,000 | 1,000 |
| Total Revenues | 27,000 | 27,968 | 968 |
| Expenditures: | | | |
| General Government | 21,250 | 19,757 | 1,493 |
| Excess of Revenues Over Expenditures | 5,750 | 8,211 | 2,461 |
| Other Financing Sources (Uses): | | | |
| Operating Transfer In | - | 129,771 | 129,771 |
| Operating Transfer Out | (75,000) | (75,000) | - |
| Total Other Financing Sources (Uses) | (75,000) | 54,771 | 129,771 |
| Excess (Deficiency) of Revenues Over Expenditures and Other Uses | (69,250) | 62,982 | 132,232 |
| Fund Balance: | | | |
| Beginning of Year | 574,294 | 574,294 | - |
| End of Year | <u>\$ 505,044</u> | <u>\$ 637,276</u> | <u>\$ 132,232</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
LOCAL LAW ENFORCEMENT BLOCK GRANT FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------|------------------|---|
| Revenue: | | | |
| Intergovernmental | \$ 120,368 | \$ 68,814 | \$ (51,554) |
| Interest | - | 397 | 397 |
| Total Revenues | 120,368 | 69,211 | (51,157) |
| Expenditures: | | | |
| Public Safety: | | | |
| Police | 133,742 | 73,116 | 60,626 |
| Deficiency of Revenues Over Expenditures | (13,374) | (3,905) | 9,469 |
| Other Financing Sources: | | | |
| Operating Transfer In | 13,370 | 13,370 | - |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | (4) | 9,465 | 9,469 |
| Fund Balance: | | | |
| Beginning of Year | 4,650 | 4,650 | - |
| End of Year | <u>\$ 4,646</u> | <u>\$ 14,115</u> | <u>\$ 9,469</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

SPECIAL REVENUE FUND
COLUMBIA THEATER RENOVATION FUNDSTATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------|---------------|---|
| Revenue: | | | |
| Intergovernmental | \$ 3,380,000 | \$ 297,380 | \$ (3,082,620) |
| Interest | - | 18 | 18 |
| Total Revenues | 3,380,000 | 297,398 | (3,082,602) |
| Expenditures: | | | |
| General Government | 3,380,000 | 297,380 | 3,082,620 |
| Excess of Revenues Over Expenditures | - | 18 | 18 |
| Fund Balance: | | | |
| Beginning of Year | - | - | - |
| End of Year | \$ - | \$ 18 | \$ 18 |

The accompanying notes constitute an integral part of this statement.

DEBT SERVICE FUNDS

General Obligation Bond Fund - To accumulate monies for payment of 1973, \$20,000, 5.10% general obligation bonds. These bonds matured during fiscal year 1998.

Sales Tax Bond Fund - To accumulate monies for payment of \$7,898,000 of public improvement bonds. These bonds are composed of various issues, maturity dates, and interest rates and are financed by a dedication of proceeds of a 2% sales and use tax.

Special Assessment Certificates Fund - To accumulate monies for payment of \$410,813 of certificates. These certificates matured during fiscal year 1996.

Certificates of Indebtedness Fund - To accumulate monies for the payment of the 1990, \$390,000 of certificates. These certificates are serial bonds due in annual installments of principal, plus semi-annual payments of interest, until maturity in the year 2000.

City of Hammond
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

June 30, 1999

| | <u>General Obligation Bond</u> | <u>Sales Tax Bond</u> | <u>Special Assessment Certificates</u> | <u>Certificates of Indebtedness</u> | <u>Total</u> |
|---|--|-------------------------------|--|---|--------------------|
| ASSETS | | | | | |
| Cash | \$ 2 | \$ 1,221 | \$ 2,321 | \$ 52 | \$ 3,596 |
| Investments, at Cost | - | 2,005,134 | - | 137,069 | 2,142,203 |
| Total Assets | <u>\$ 2</u> | <u>\$2,006,355</u> | <u>\$ 2,321</u> | <u>\$137,121</u> | <u>\$2,145,799</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Vouchers Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to Other Funds | - | - | 5,940 | - | 5,940 |
| Total Liabilities | - | - | 5,940 | - | 5,940 |
| Fund Balance (Defecit): | | | | | |
| Reserved for Debt Service | - | 2,006,355 | - | 137,121 | 2,143,476 |
| Unreserved: Undesignated | 2 | - | (3,619) | - | (3,617) |
| Total Fund Balance | <u>2</u> | <u>2,006,355</u> | <u>(3,619)</u> | <u>137,121</u> | <u>2,139,859</u> |
| Total Liabilities and Fund Balance | <u>\$ 2</u> | <u>\$2,006,355</u> | <u>\$ 2,321</u> | <u>\$137,121</u> | <u>\$2,145,799</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)

June 30, 1999

| | General Obligation Bond | Sales Tax Bond | Special Assessment Certificates | Certificates of Indebtedness | Total |
|---|-------------------------------|----------------------|---------------------------------------|------------------------------------|--------------|
| Revenues: | | | | | |
| Interest | \$ 5,264 | \$ 84,262 | \$ 24 | \$ 8,868 | \$ 96,418 |
| Expenditures: | | | | | |
| Bond Payments: | | | | | |
| Principal Retirement | - | 946,000 | - | 180,000 | 1,126,000 |
| Interest | - | 380,696 | - | 28,380 | 409,076 |
| Paying Agent Fees | - | 2,141 | - | 602 | 2,743 |
| Total Expenditures | - | 1,328,837 | - | 208,982 | 1,537,819 |
| Excess (Deficiency) of Revenues Over Expenditures | 5,264 | (1,244,575) | 24 | (200,114) | (1,439,401) |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfer In | - | 1,196,000 | - | 198,000 | 1,394,000 |
| Operating Transfer Out | (129,771) | (31,000) | - | - | (160,771) |
| Total Other Financing Sources (Uses) | (129,771) | 1,165,000 | - | 198,000 | 1,233,229 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | (124,507) | (79,575) | 24 | (2,114) | (206,172) |
| Fund Balances (Deficit): | | | | | |
| Beginning of Year | 124,509 | 2,085,930 | (3,643) | 139,235 | 2,346,031 |
| End of Year | \$ 2 | \$ 2,006,355 | \$ (3,619) | \$ 137,121 | \$ 2,139,859 |

The accompanying notes constitute an integral part of this statement.

CAPITAL PROJECTS FUNDS

Capital Improvements - To account for capital improvements from proceeds derived from surplus sales tax, revenue bond proceeds and grants.

City of Hammond
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

June 30, 1999

| | <u>Airport SE Apror. Rehab</u> | <u>Aviation Grant</u> | <u>Airport</u> | <u>Capital Projects</u> | <u>LCDBG Sewer Improvement</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|---------------------------|----------------|-----------------------------|--|---------------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 4,774 | \$ - | \$ - | \$ 89,391 | \$ - | \$ 94,165 |
| Investments, at Cost | - | - | - | 1,453,622 | - | 1,453,622 |
| Account Receivable | - | - | - | 25,000 | - | 25,000 |
| Due from Other Funds | - | - | - | - | - | - |
| Due from Other Governments | <u>20,226</u> | <u>-</u> | <u>-</u> | <u>85,000</u> | <u>2,000</u> | <u>107,226</u> |
| Total Assets | <u>\$ 25,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,653,013</u> | <u>\$ 2,000</u> | <u>\$ 1,680,013</u> |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 229,304 | \$ - | \$ 229,304 |
| Retainages Payable | - | - | - | 145,937 | - | 145,937 |
| Due to Other Funds | - | - | - | 30,000 | 2,000 | 32,000 |
| Deferred Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| Total Liabilities | - | - | - | 420,241 | 2,000 | 422,241 |
| Fund Balance: | | | | | | |
| Unreserved - Undesignated | <u>25,000</u> | <u>-</u> | <u>-</u> | <u>1,232,772</u> | <u>-</u> | <u>1,257,772</u> |
| Total Liabilities and Fund Balance | <u>\$ 25,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,653,013</u> | <u>\$ 2,000</u> | <u>\$ 1,680,013</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the year ended June 30, 1999

| | Airport SE Apron Rehab | Aviation Grant | Airport | Capital Projects | LCDBG Sewer Improvements | Total |
|--|---------------------------|-------------------|---------------|---------------------|--------------------------------|---------------------|
| Revenues: | | | | | | |
| Intergovernmental | \$ 79,259 | \$ - | \$ - | \$ 80,000 | \$ 2,000 | \$ 161,259 |
| Interest | - | 72 | 3,978 | 26,091 | - | 30,141 |
| Miscellaneous | - | - | - | 25,000 | - | 25,000 |
| Total Revenues | 79,259 | 72 | 3,978 | 131,091 | 2,000 | 216,400 |
| Expenditures: | | | | | | |
| Construction | - | - | - | 1,912,623 | - | 1,912,623 |
| Engineering | 79,259 | - | - | 170,134 | - | 249,393 |
| Miscellaneous | - | - | 11,247 | 64,089 | 2,001 | 77,337 |
| Park Improvements | - | - | - | 241,138 | - | 241,138 |
| Total Expenditures | 79,259 | - | 11,247 | 2,387,984 | 2,001 | 2,480,491 |
| Excess (Deficiency) of Revenues Over Expenditures | - | 72 | (7,269) | (2,256,893) | (1) | (2,264,091) |
| Other Financing Sources (Uses): | | | | | | |
| Operating Transfer In | 25,000 | - | - | 2,264,000 | - | 2,289,000 |
| Operating Transfer Out | - | (7,075) | - | (143,000) | - | (150,075) |
| Total Other Financing Sources (Uses) | 25,000 | (7,075) | - | 2,121,000 | - | 2,138,925 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 25,000 | (7,003) | (7,269) | (135,893) | (1) | (105,166) |
| Fund Balances: | | | | | | |
| Beginning of Year | - | 7,003 | 7,269 | 1,368,665 | 1 | 1,382,938 |
| End of Year | \$ 25,000 | \$ - | \$ - | \$ 1,232,772 | \$ - | \$ 1,257,772 |

The accompanying notes constitute an integral part of this statement.

ENTERPRISE FUND

Water and Sewer Fund - To account for the provisions of water and sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

City of Hammond
ENTERPRISE FUND
WATER AND SEWER FUND

BALANCE SHEET

June 30, 1999

ASSETS

| | |
|--|---------------------|
| Current Assets: | |
| Cash and Cash Equivalents | \$ 84,403 |
| Investments, at Cost | 1,410,860 |
| Receivables: | |
| Customers (Net of Allowances for Doubtful Accounts of \$36,000) | 623,114 |
| Special Assessments: | |
| Current Receivable | 7,516 |
| Delinquent Receivable | 5,422 |
| Other Receivables | 7,029 |
| Unbilled Water and Sewer Charges | 123,537 |
| Due From Other Governments | 19,850 |
| Total Current Assets | <u>2,281,731</u> |
| Restricted Assets: | |
| Customers' Deposits: | |
| Cash and Cash Equivalents | 7,355 |
| Investments, at Cost | 400,366 |
| Unexpended Bond Proceeds: | |
| Cash and Cash Equivalents | 8,939 |
| Investments, at Cost | 3,913,195 |
| Bond Sinking Fund | 351,865 |
| Bond Reserve Fund | - |
| Bond Contingency Fund | 200,000 |
| Total Restricted Assets | <u>4,881,720</u> |
| Property, Plant and Equipment (Net of Accumulated Depreciation) | 14,552,529 |
| Other Assets: | |
| Bond Issuance Costs (Net of Accumulated Amortization) | <u>94,884</u> |
| Total Assets | <u>\$21,810,864</u> |

The accompanying notes constitute an integral part of this statement.

LIABILITIES AND FUND EQUITY

| | |
|---|---------------------|
| Current Liabilities (Payable From Current Assets): | |
| Accounts Payable | \$ 178,237 |
| Retainages Payable | 21,521 |
| Payroll Taxes Payable | 3,499 |
| Due to Other Funds | 76,081 |
| Salaries Payable | 17,931 |
| Accumulated Leave Payable | 91,523 |
| Due to Other Governments | <u>104,614</u> |
| Total Current Liabilities (Payable from Current Assets) | 493,406 |
| Current Liabilities (Payable From Restricted Assets): | |
| Customers' Deposits | 388,208 |
| Accrued Interest Payable | 24,983 |
| Bonds Payable - Current Portion | <u>482,000</u> |
| Total Current Liabilities (Payable from Restricted Assets) | 895,191 |
| Long-Term Liabilities: | |
| Bonds Payable - Long-Term Portion | 5,830,000 |
| Due to Other Governments | <u>309,172</u> |
| Total Long-Term Liabilities | <u>6,139,172</u> |
| Total Liabilities | 7,527,769 |
| Fund Equity: | |
| Contributed Capital - | |
| Contributions to Aid in Construction | 10,549,219 |
| Retained Earnings: | |
| Reserved | 64,395 |
| Unreserved - Undesignated | <u>3,669,481</u> |
| Total Retained Earnings | <u>3,733,876</u> |
| Total Fund Equity | <u>14,283,095</u> |
| Total Liabilities and Fund Equity | <u>\$21,810,864</u> |

City of Hammond

ENTERPRISE FUND
WATER AND SEWER FUNDSTATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS

For the year ended June 30, 1999

| | |
|--|--------------|
| Operating Revenues: | |
| Sewer Charges | \$ 1,819,565 |
| Water Sales | 1,031,142 |
| Tap-in and Reconnect Fees | 54,389 |
| Miscellaneous | 426 |
| | <hr/> |
| Total Operating Revenues | 2,905,522 |
| Operating Expenses: | |
| Personnel Services | 847,435 |
| Contractual Services, Supplies, Materials, and Other | 952,552 |
| Depreciation and Amortization | 829,692 |
| | <hr/> |
| Total Operating Expenses | 2,629,679 |
| Operating Income | 275,843 |
| Non-Operating Revenues (Expenses): | |
| Interest Income | 264,082 |
| Interest Expense | (328,700) |
| | <hr/> |
| Total Non-Operating Revenues (Expenses) | (64,618) |
| Income before Operating Transfers | 211,225 |
| Operating Transfers Out | (64,000) |
| | <hr/> |
| Net Income | 147,225 |
| Add Depreciation on Fixed Assets Acquired by Capital Contributions that Reduces Contributed Capital | 390,741 |
| | <hr/> |
| Increase in Retained Earnings | 537,966 |
| Retained Earnings: | |
| Beginning of Year | 3,195,910 |
| | <hr/> |
| End of Year | \$ 3,733,876 |
| | <hr/> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

ENTERPRISE FUND
WATER AND SEWER FUNDSTATEMENT OF CASH FLOWS

For the year ended June 30, 1999

| | |
|--|--------------------|
| Cash Flows From Operating Activities: | |
| Operating Income: | \$ 275,843 |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided By Operating Activities: | |
| Depreciation | 825,083 |
| Amortization | 4,609 |
| Provision for Bad Debts | 11,589 |
| Change in Current Assets - (Increase) Decrease: | |
| Accounts Receivable | (81,067) |
| Unbilled Water and Sewer Charges | 4,768 |
| Due From Other Governments | (19,850) |
| Change in Current Liabilities - Increase (Decrease): | |
| Accounts Payables | 94,043 |
| Other Payables | 41,530 |
| Due to Other Governments | 6,558 |
| Due to Other Funds | (140,016) |
| Customer Deposits | 31,373 |
| Total Adjustments | <u>778,620</u> |
| Net Cash Provided by Operating Activities | 1,054,463 |
| Cash Flows From Noncapital Financing Activities: | |
| Operating Transfers to Other Funds | (64,000) |
| Cash Flows From Capital and Related Financing Activities: | |
| Principal Repayments | (1,145,000) |
| Capital Contributions | 157,960 |
| Interest Paid | (303,717) |
| Payment for Capital Assets | (719,994) |
| Bond Proceeds | 4,922,000 |
| Bond Issuance Costs | (65,693) |
| Net Cash Provided by Capital and Related Financing Activities | <u>2,845,556</u> |
| Cash Flows From Investing Activities: | |
| Interest Income | 264,082 |
| Purchases of Investments | <u>(4,091,461)</u> |
| Net Cash Used in Investing Activities | <u>(3,827,379)</u> |
| Net Increase In Cash | 8,640 |
| Cash: | |
| Beginning of Year | <u>92,057</u> |
| End of Year | <u>\$ 100,697</u> |

The accompanying notes constitute and integral part of this statement.

City of Hammond

ENTERPRISE FUND
WATER AND SEWER FUNDDETAILED SCHEDULE OF OPERATING EXPENSES
BY DEPARTMENT

For the year ended June 30, 1999

| | <u>General and Administrative</u> | <u>Water Department</u> | <u>Sewer Department</u> | <u>Plant Operations</u> | <u>Total</u> |
|---------------------------------|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------|
| Salaries and Wages | \$ 64,391 | \$ 347,729 | \$ 156,019 | \$ 103,944 | \$ 672,083 |
| Social Security | 4,724 | 25,455 | 11,162 | 7,693 | 49,034 |
| Municipal Employee Retirement | 3,548 | 17,432 | 8,142 | 4,854 | 33,976 |
| Health and Life Insurance | 5,299 | 23,781 | 14,045 | 7,793 | 50,918 |
| Worker's Compensation Insurance | 573 | 22,545 | 9,636 | 8,670 | 41,424 |
| Contract Labor | 20,536 | - | 6,240 | - | 26,776 |
| Property Insurance | - | 5,350 | 450 | - | 5,800 |
| Auto Liability Insurance | - | 8,000 | 10,500 | - | 18,500 |
| General Liability | - | 17,500 | 9,600 | - | 27,100 |
| Utilities | - | 73,725 | 58,231 | 146,819 | 278,775 |
| Postage and Box Rent | 16,417 | - | - | - | 16,417 |
| Telephone - Long Distance | 131 | - | - | - | 131 |
| Maintenance: | | | | | |
| Buildings | - | - | - | 1,966 | 1,966 |
| Autos and Trucks | - | 13,596 | 10,959 | 13,470 | 38,025 |
| Machinery and Equipment | - | 10,599 | - | 66,098 | 76,697 |
| Lines and Pumps | - | 99,442 | 75,184 | - | 174,626 |
| Fire Hydrants | - | 677 | - | - | 677 |
| Ultraviolet Lamp | - | - | - | 23,803 | 23,803 |
| Chlorination | - | 4,088 | - | - | 4,088 |
| Infiltration | - | - | 4,510 | - | 4,510 |
| Sludge Removal | - | - | - | 33,024 | 33,024 |
| Laboratory Test Charge | - | - | - | 16,290 | 16,290 |
| Supplies: | | | | | |
| Office | 2,792 | - | - | - | 2,792 |
| Uniforms | 232 | 5,156 | 3,073 | 2,332 | 10,793 |
| Vehicles | - | 10,951 | 7,413 | 2,642 | 21,006 |
| Laboratory | - | - | - | 7,337 | 7,337 |
| Sewerage Treatment | - | - | - | 14,522 | 14,522 |
| Chlorine | - | 19,147 | - | - | 19,147 |
| Safety Equipment | - | 2,789 | 1,101 | 1,153 | 5,043 |
| General | - | 506 | - | - | 506 |
| Bad Debts | 11,589 | - | - | - | 11,589 |
| Small Tool and Equipment | - | 6,796 | 4,002 | 763 | 11,561 |
| Fixed Asset Purchases | 4,730 | 11,403 | 1,637 | 14,191 | 31,961 |
| Computer Mapping System | 18,832 | - | - | - | 18,832 |
| Travel and Education | - | 1,613 | 274 | 928 | 2,815 |
| State Fees and Permits | - | - | - | 8,492 | 8,492 |
| Parking Improvements | - | - | 211 | - | 211 |
| Cash Short/Over | 213 | - | - | - | 213 |
| Amortization Expense | - | 4,609 | - | - | 4,609 |
| Depreciation Expense | - | 190,344 | 634,739 | - | 825,083 |
| Beeper Fees | - | 765 | 222 | 132 | 1,119 |
| Paying Agent Fees | 2,745 | - | - | - | 2,745 |
| Meters | - | 14,916 | - | - | 14,916 |
| Miscellaneous Expenses | 583 | - | - | - | 583 |
| Electronic Waterwell Monitoring | - | 19,164 | - | - | 19,164 |
| Totals | <u>\$ 157,335</u> | <u>\$ 958,078</u> | <u>\$ 1,022,350</u> | <u>\$ 486,916</u> | <u>\$ 2,629,679</u> |

The accompanying notes constitute an integral part of this statement.

INTERNAL SERVICE FUND

To account for the financing of a self-insured plan for general liability, workers compensation and employee health insurance, insurance provided by one department to another department of the City on a premium basis.

City of Hammond
INTERNAL SERVICE FUND
BALANCE SHEET
June 30, 1999

ASSETS

| | | |
|-------------------|----|-------------------------|
| Current Assets: | | |
| Cash | \$ | 81,253 |
| Investments | | 1,429,422 |
| Prepaid Insurance | | <u>28,500</u> |
| Total Assets | \$ | <u><u>1,539,175</u></u> |

LIABILITIES AND FUND EQUITY

| | | |
|--------------------------------------|----|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | \$ | 780 |
| Workers' Compensation Claims Payable | | 75,000 |
| General Liability Claims Payable | | <u>375,000</u> |
| Total Liabilities | | 450,780 |
| Fund Equity: | | |
| Retained Earnings - Reserved | | <u>1,088,395</u> |
| Total Liabilities and Fund Equity | \$ | <u><u>1,539,175</u></u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

For the year ended June 30, 1999

| | |
|--|---------------------|
| Operating Revenues: | |
| Insurance Charges | \$ 946,547 |
| Operating Expenses: | |
| Bad Debts | 90,148 |
| Workers' Compensation Insurance and Administration | 84,204 |
| Workers' Compensation Claims Expense | 51,163 |
| General Liability Insurance and Administration | 376,599 |
| General Liability Claims Expense | <u>248,491</u> |
| Total Operating Expenses | <u>850,605</u> |
| Operating Income | 95,942 |
| Non-Operating Revenue: | |
| Interest Income | <u>57,438</u> |
| Income before Operating Transfers | 153,380 |
| Operating Transfers Out | <u>-</u> |
| Net Income | 153,380 |
| Retained Earnings: | |
| Beginning of Year | <u>935,015</u> |
| End of Year | <u>\$ 1,088,395</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS

For the year ended June 30, 1999

| | |
|--|------------------|
| Cash Flows From Operating Activities: | |
| Operating Income | \$ 95,942 |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities: | |
| Provision for Bad Debt | 90,148 |
| Changes in Current Asset - Increase (Decrease): | |
| Accounts Receivable | 51,439 |
| Prepaid Insurance | (28,500) |
| Changes in Current Liabilities - Increase (Decrease) | |
| Accounts Payable | (1,617) |
| Workers' Compensation Claims Payable | (25,404) |
| General Liability | <u>61,000</u> |
| Total Adjustments | <u>147,066</u> |
| Net Cash Provided by Operating Activities | 243,008 |
| Cash Flows From Investing Activities: | |
| Interest Income | 57,438 |
| Purchase of Investments | <u>(226,048)</u> |
| Net Cash Used in Investing Activities | <u>(168,610)</u> |
| Net Increase In Cash | 74,398 |
| Cash: | |
| Beginning of Year | <u>6,855</u> |
| End of Year | <u>\$ 81,253</u> |

The accompanying notes constitute an integral part of this statement.

FIDUCIARY TYPE FUNDS

PENSION TRUST FUND

Firemen's Pension Fund - Effective July 1, 1997 the Fireman's Pension Fund discontinued paying the pension benefits for three vested retired employees. These pension benefits are currently being paid by the General Fund. At June 30, 1998, there are no non-vested participants in the pension plan which would be entitled to future benefits. The remaining monies in the fund was transferred to the General Fund during fiscal year June 30, 1999.

EXPENDABLE TRUST FUND

Project M.O.T.I.O.N. Fund - To account for a trust fund established to receive and disburse funds as part of a law enforcement grant to various Tangipahoa Parish law enforcement agencies.

LIBRARY TRUST FUND

Library Trust Fund - To account for a trust fund established for the purpose of establishing a new library or upgrading the existing library.

City of Hammond

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

June 30, 1999

| | Pension Trust | Expendable Trust | | |
|-----------------------------------|----------------------|-------------------------|------------------|------------------|
| | Fireman's Pension | Project M.O.T.I.O.N. | Library Trust | Total |
| ASSETS | | | | |
| Cash | \$ 2 | \$ - | \$ 1 | \$ 3 |
| Investments, at Cost | - | 6,316 | 24,428 | 30,744 |
| Due from Other Governments | - | 8,131 | - | 8,131 |
| | <u>\$ 2</u> | <u>\$ 14,447</u> | <u>\$ 24,429</u> | <u>\$ 38,878</u> |
| FUND EQUITY | | | | |
| Retained Earnings - Unreserved | \$ 2 | \$ - | \$ - | \$ 2 |
| Fund Balances | | | | |
| Designated: | | | | |
| Law Enforcement | - | 14,447 | - | 14,447 |
| Library | - | - | 24,429 | 24,429 |
| | <u>-</u> | <u>14,447</u> | <u>24,429</u> | <u>38,876</u> |
| Total Fund Balance | <u>-</u> | <u>14,447</u> | <u>24,429</u> | <u>38,876</u> |
| Total Fund Equity | <u>\$ 2</u> | <u>\$ 14,447</u> | <u>\$ 24,429</u> | <u>\$ 38,878</u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

PENSION TRUST FUND
FIREMEN'S PENSION FUNDSTATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE

For the year ended June 30, 1999

| | |
|--------------------------------|------------------------------|
| Non-Operating Revenues: | |
| Interest Earned on Investments | \$ 3 |
| Operating Transfers Out | <u> (500)</u> |
| Net Loss | (497) |
| Retained Earnings: | |
| Beginning of Year | <u> 499</u> |
| End of Year | <u><u> \$ 2</u></u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

PENSION TRUST FUND
FIREMEN'S PENSION FUNDSTATEMENT OF CASH FLOWS

For the year ended June 30, 1999

| | |
|--|--------------------|
| Cash Flows From Noncapital Financing Activities: | |
| Operating Transfers Out | \$ (500) |
| Cash Flows From Investing Activities: | |
| Interest Income | <u>3</u> |
| Net Decrease In Cash | (497) |
| Cash: | |
| Beginning of Year | <u>499</u> |
| End of Year | <u><u>\$ 2</u></u> |

The accompanying notes constitute an integral part of this statement.

City of Hammond

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the year ended June 30, 1999

| | <u>Project M.O.T.I.O.N.</u> | <u>Library Trust</u> | <u>Total</u> |
|---|---------------------------------|--------------------------|------------------|
| Revenues: | | | |
| Federal Grant | \$ 33,997 | \$ - | \$ 33,997 |
| Miscellaneous | 1,421 | - | 1,421 |
| Interest | 2 | 1,088 | 1,090 |
| Total Revenues | <u>35,420</u> | <u>1,088</u> | <u>36,508</u> |
| Expenditures: | | | |
| Police Expenditures | <u>46,050</u> | <u>-</u> | <u>46,050</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (10,630) | 1,088 | (9,542) |
| Other Financing Sources (Uses): | | | |
| Operating Transfer In | 14,090 | - | 14,090 |
| Operating Transfer Out | <u>(2,130)</u> | <u>-</u> | <u>(2,130)</u> |
| Total Other Financing Sources (Uses) | <u>11,960</u> | <u>-</u> | <u>11,960</u> |
| Excess of Revenues and Other Sources Over Expenditures | 1,330 | 1,088 | 2,418 |
| Fund Balance: | | | |
| Beginning of Year | <u>13,117</u> | <u>23,341</u> | <u>36,458</u> |
| End of Year | <u>\$ 14,447</u> | <u>\$ 24,429</u> | <u>\$ 38,876</u> |

The accompanying notes constitute an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

City of Hammond

STATEMENT OF GENERAL FIXED ASSETS - BY SOURCES

June 30, 1999

| | |
|---|----------------------|
| General Fixed Assets, at Cost: | |
| Land | \$ 1,733,595 |
| Building | 5,499,464 |
| Vehicles | 3,662,176 |
| Equipment | <u>1,832,459</u> |
| Total General Fixed Assets | <u>\$ 12,727,694</u> |
| Investments in General Fixed Assets From: | |
| General Fund | \$ 9,930,210 |
| Sales Tax | 2,720,508 |
| Enterprise | 54,164 |
| Downtown Development | <u>22,812</u> |
| Total Investment in General Fixed Assets | <u>\$ 12,727,694</u> |

The accompanying notes constitute an integral part of this statement.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt and capital lease expected to be financed from government-type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds. To also account for the accumulated unpaid vacation to be financed from the General Fund.

City of Hammond

STATEMENT OF GENERAL LONG-TERM DEBT

For the year ended June 30, 1999

| | |
|---|---------------------|
| Amount Available and To Be Provided For the Retirement of General Long-Term Debt: | |
| Amount Available In: | |
| Sales Tax Bond Fund | \$ 2,006,355 |
| Certificates of Indebtedness Fund | 137,121 |
| Amount to be Provided in Future Years From: | |
| 1% Sales and Use Tax | 5,021,090 |
| General Fund | 56,534 |
| Certificates of Indebtedness Fund | 72,879 |
| Amount to be Provided - Accumulated Unpaid Leave | <u>789,479</u> |
| Total Amount Available and to be Provided | <u>\$ 8,083,458</u> |
| General Long-Term Debt Payable: | |
| Accumulated Unpaid Leave | \$ 789,479 |
| Sales Tax #5 | 2,000 |
| Sales Tax #2D and #2E | 6,930,000 |
| Certificates of Indebtedness | 210,000 |
| Capital Lease | 56,534 |
| Note Payable | <u>95,445</u> |
| Total General Long-Term Debt Payable | <u>\$ 8,083,458</u> |

The accompanying notes constitute an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE
GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



Hannis T. Bourgeois, L.L.P.

Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
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Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*

Laura E. Monroe, CPA

*A Professional Accounting Corporation

1111 S. Range Avenue, Suite 101
Denham Springs, LA 70726
Phone: (225) 665-8297
Fax: (225) 667-3813

October 28, 1999

Members American Institute of
Certified Public Accountants

2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

We have audited the general purpose financial statements of the City of Hammond, Louisiana (the City), as of and for the year ended June 30, 1999, and have issued our report thereon dated October 28, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance, with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur

and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Hammond in a separate letter dated October 28, 1999.

This report is intended for the information of the audit committee, management, and various federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Harris A. Bourgeois, L.P.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133



Hannis T. Bourgeois, L.L.P.

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2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809

October 28, 1999

To the Honorable Louis Tallo, Mayor
and Members of the Council
City of Hammond, Louisiana

Compliance

We have audited the compliance of the City of Hammond, Louisiana (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1999. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and various federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Harris J. Bourgeois, L.L.P.

City of Hammond

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 1999

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | | <u>Federal CFDA Number</u> | <u>Expenditures</u> |
|---|------------------|------------------------------------|---------------------|
| U.S. Department of Housing and Urban Development/ Louisiana Department of Social Services Emergency Shelter Grant Program | | 14.231 | \$ 26,824 |
| Louisiana Division of Administration Louisiana Community Development Block Grant | | 14.218 | <u>2,000</u> |
| Total U.S. Department of Housing and Urban Development | | | 28,824 |
| U.S. Department of Justice | <u>Project #</u> | | |
| Local Law Enforcement Block Grant | 98-LB-VX-2671 | 16.579 | 61,175 |
| Local Law Enforcement Block Grant | 97-LB-VX-2671 | 16.579 | <u>7,639</u> |
| Total | | | 68,814 |
| U.S. Department of Justice/ Louisiana Commission on Law Enforcement | <u>Project #</u> | | |
| In-Home Detention Program | 97-J.5-J.3-0213 | 16.540 | 3,187 |
| In-Home Detention Program | 98-J.5-J.3-0232 | 16.540 | 5,409 |
| Narcotics Response Team | 97-B5-B.07-0074 | 16.579 | 5,388 |
| COPS FAST/UHP | 95-CFWX-1517 | 16.579 | 45,035 |
| Multi-Jurisdictional Task Force | 97-B.5-B.02-0G19 | 16.579 | 30,791 |
| Multi-Jurisdictional Task Force | 98-B.5-B.02-0H24 | 16.579 | 3,206 |
| Electronic Equipment | P98-5-026 | 16.579 | <u>1,103</u> |
| Total U.S. Department of Justice | | | 162,933 |
| Federal Emergency Management Agency/ State of Louisiana Public Assistance Grant | | 83.544 | 46,865 |
| U.S. Department of Transportation Airport Improvements Program | 99SW-8118 | 20.106 | <u>71,333</u> |
| Total Federal Expenditures | | | <u>\$ 309,955</u> |

City of Hammond

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

For the year ended June 30, 1999

Note 1 - Basis of Presentation -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hammond and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - Findings of Noncompliance -

There were no findings or questioned costs required to be reported for the year ended June 30, 1999.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COST

Year Ended June 30, 1999

A. Summary of Audit Results -

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Hammond, Louisiana.
2. No material weaknesses relating to the audit of the general purpose financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No material weaknesses relating to the audit of each of the major federal award programs is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the City expresses an unqualified opinion.
6. The audit disclosed no findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The following program was tested as a Type "B" major program:

| <u>FEDERAL GRANTOR/ PASSTHROUGH GRANTOR/ PROGRAM NAME</u> | <u>CFDA NUMBER</u> |
|---|------------------------|
| <u>U.S. Department of Justice</u> | |
| Local Law Enforcement Block Grant | 16.579 |
| Passed through Louisiana Commission on Law Enforcement: | |
| Narcotics Response Team | 16.579 |
| Cops FAST/UHP | 16.579 |
| Multi-Jurisdictional Task Force | 16.579 |
| Electronic Equipment | 16.579 |

SCHEDULE OF FINDINGS AND QUESTIONED COST (CONTINUED)

Year Ended June 30, 1999

8. The threshold for distinguishing Types A and B programs was \$300,000.

9. The City was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Program Audit

None

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CITY OF HAMMOND
MANAGEMENT LETTER

JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____



Hannis T. Bourgeois, L.L.P.

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2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809

October 28, 1999

The Mayor and Members of
the City Council
City of Hammond
Hammond, Louisiana

In planning and performing our audit of the general purpose financial statements of the City of Hammond, Louisiana, for the year ended June 30, 1999, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 28, 1999, on the general purpose financial statements of the City of Hammond, Louisiana.

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS:

Finding 99-1

We have performed a limited review of the data processing function as part of an evaluation of the system of internal accounting controls at the City of Hammond. The purpose of the review is to obtain an understanding of the general controls environment related to the electronic data processing functions by reviewing the design of the control procedures that management has implemented to achieve control objectives.

The data processing department serves two primary functions 1) recording and reporting accounting transactions, and 2) transferring information within and outside of the organization. Consequently, control procedures implemented in the data processing department should consider both internal accounting control principles appropriate to the organization and internal data processing control procedures appropriate to the department.

Internal controls are implemented to preserve the integrity of data, to safeguard the organization's resources, to encourage operating efficiency and to enforce compliance with management's policies and procedures. In this regard, data processing responsibilities for internal control can be defined in terms of: 1) internal accounting controls, and 2) internal data processing controls.

Internal accounting controls are the subset of internal controls implemented to ensure that all accounting transactions are recorded and reported according to generally accepted accounting principles (GAAP) or other comprehensive basis of accounting (OCBOA). The AICPA recognizes that accounting steps for transactions should be segregated into the following functions:

- **Authorization.** Transactions should be executed in accordance with management's general or specific authorization.
- **Recordation.** Transactions should be recorded as necessary to: a) permit preparation of financial statements in conformity with (GAAP) or any other criteria applicable to such statements, and b) to maintain accountability for assets.
- **Custody.** Access to assets should be permitted only in accordance with management's authorization.
- **Valuation.** The recorded accountability for assets should be compared with the existing assets at reasonable intervals and appropriate action taken with respect to any differences.

In the absence of mitigating controls, each of the accounting functions (i.e. Authorization, Recordation, Custody, and Valuation) should be assigned to a different employee to lessen the opportunity for an individual to convert assets (i.e. purchase assets, sell equipment, discard functional equipment, etc.) or conceal transactions (remove assets from the work place for personal use, embezzle funds, etc.) in an unauthorized manner without detection.

Internal controls for the data processing function are implemented to ensure that information is collected, transformed, and reported as intended by management. In order to achieve full segregation of duties among the data processing controls, data processing activities should be segregated as follows.

- Data input/output control. This function is responsible for entering data and verifying that all data has been processed accurately. Data control is usually performed by the user departments or by someone independent of other data processing functions.

- Computer operations. Computer operators should be the only group of employees authorized to execute production programs (software used to capture and process actual transactions). Since computer operators also perform an accounting function by recording transactions to the master records during daily update processing, these employees should not perform conflicting accounting duties that would diminish internal accounting controls. Computer operators should not change the programs they execute. Additionally, employees who perform conflicting accounting functions should not operate the computer.
- Archival management. This function is responsible for creating and maintaining archival and backup records of the data processing files. Backup records are used to recover from hardware and software failures as well as restoring transactions processed in error or through irregularities.
- Application Programming. When programs are developed by staff programmers, the programming function should be separate from other data processing functions. Programmers should be restricted to a test environment to create and update program files. When a program is completed and approved, the system maintenance employee should move the program from the test environment to the production area to eliminate the need for application programmers to access production files.
- System maintenance. Software upgrades, hardware expansion, and terminal replacements will be implemented over time to meet the changing needs of the organization. System maintenance is performed by the system programmer to configure the computer to the modified environment.

The system programmer must be segregated from accounting activities because changes to the computer system can affect the accounting mechanism used to record and report financial transactions. Therefore, system maintenance is an extension of the recordation function of accounting. Since the system programmer performs an extension of the recordation function, that employee should not perform conflicting accounting functions.

The controls of the City of Hammond were evaluated using these standards.

Concern - Segregation of Duties

The data processing function is centralized within the position of the Financial Information Officer, who is responsible to operate the central computer system, maintain the hardware and software environment, update the application software, and research processing errors upon request by the end-users. As such, there is a high concentration of duties vested in the Financial Information Officer such that adequate internal control may not be achievable.

Recommendation

We believe that management should evaluate the risk associated with a lack of segregation of duties and determine whether the risk justifies a re-organization of the department to support adequate internal controls. Specifically, we would envision segregating three areas of data processing: computer operations, computer maintenance, and data security so that no single employee is responsible for more than one of these areas. In addition, management should maintain a separation between accounting and data processing functions.

Since the three data processing functions currently are performed by a single employee (the Financial Information Officer), our recommendation probably would require the establishment of at least two additional positions. We would caution management against assigning one of the accounting staff to perform cross-over functions, since the concepts of segregation of duties requires that the accounting functions be separated from data processing functions.

Concern - Program Change Controls

Under the current approach, the Financial Information Officer has full and unsupervised access to the main computer, software applications, and software source code. This unrestricted access allows the Financial Information Officer the ability modify program logic, data records, and output reports in an unauthorized manner without detection. Such alterations could result in erroneous or fraudulent record keeping, or redirection of assets for personal gain.

Recommendation

We urge management to review the current processing environment and develop alternative solutions to segregate the data processing functions in a manner that supports adequate internal controls. We stand ready to further discuss several alternatives to address this concern, such as purchasing software without the source code, separating the functions of computer operations, logical security assignment, and software maintenance, or outsourcing the data processing function to an independent source.

Concern - Systems Development Methodology

The City of Hammond operates a proprietary software application for all accounting functions and many operational functions. The software was designed and developed under the direction of the Financial Information Officer and continues to be upgraded under the direction of this individual.

We believe that organizations who operate under a proprietary software application should establish structured system development standards to allow staff to administer and modify the source code effectively over time. System development standards allow the department to operate or upgrade the software in an efficient and effective manner after periods of staff attrition.

Specifically, system development standards allow programmers to design applications, develop the program code, document the final product, and produce training and user manuals in an organized manner. Without this structured approach, the use and support of the proprietary systems will require more resources, time, effort, and funds to implement.

We understand that the Financial Information Officer and one contract programmer are the sole resources available to maintain the mission critical software applications for the City of Hammond. We believe this environment of a proprietary, mission-critical system with limited documentation and high reliance on one employee places the City of Hammond at a high risk of failure in the event of employee turnover, environment disaster, or sabotage.

Recommendation

We recommend that management consider whether the City of Hammond is best served by retaining the current applications or by migrating to standard software applications available in the market place. Proprietary systems allows the organization to design data entry screens, output reports, and processing logic that uniquely follows the established work procedures. However, this approach may not be justified if there are not sufficient resources to establish a comprehensive data processing and systems development team.

Alternatively, the purchase of a standard software application provides access to ongoing development and customization services, full-time technical support, and formalized training and educational resources that may not be available internally. In addition, purchased software may eliminate the need to hold the software source code, which could allow management to redirect the staff programming functions to other productive activities. The limitation of purchased software often is stated as a limited ability to customize the software to meet unique needs of the environment. Our experience indicates that this limitation has diminished with the currently available software products.

Concern - Application Documentation

As stated above, the City of Hammond uses a proprietary software application for mission-critical processes. The software largely is undocumented, and the end-user documentation is not current. Without current documentation, staff training is hindered, control procedures may not be utilized, and daily operations may not be efficient. From a control perspective, it is necessary for mission-critical applications to be documented with user control features, example output control reports, and end-user procedures to use in validating that the data was entered, processed and reported correctly. We believe that the current documentation does not provide this level of detail.

Recommendation

We recommend that management upgrade the software documentation as a specific project if the decision is made to continue using the current software as the mission-critical application for the City of Hammond. By assigning the software documentation task as a special project with a high priority, management can monitor the timely completion of the project and take corrective action if adequate performance is not achieved.

Concern - Internal Audit Function

We reviewed the functions of the Internal Auditor and conclude that the designated Internal Auditor performs no audit function for the City of Hammond. Since the position was created to perform an internal audit function, we believe management intended to establish this position as a control function of the environment.

The position of Internal Auditor traditionally is established to review the existence of internal controls and to report on the effectiveness of such controls. By its definition, the Internal Auditor is precluded from auditing a control that he/she performs as part of the daily operations of the department. For example, the Internal Auditor cannot objectively report that an adequate bank reconciliation control exists if that person is responsible to perform the Bank Reconciliation task.

Recommendation

We urge management to review the functions of the Internal Auditor and either redirect the activities of this position toward control functions or eliminate the use of the title "Internal Auditor." Continued use of this title when there is no internal audit function performed may lead the City Founders to infer the existence of a set of controls that do not exist.

Concern - Disaster Recovery Plan

There is no formal disaster recovery plan to restore City operations in the event a major disaster renders the current facilities inoperable. While such a plan often focuses on recovering the automated equipment, software, and data entry procedures, the plan should address the orderly recovery of all departments within the City.

Recommendations

We recommend that management develop a Disaster Recovery Plan as a high priority within the next 12 months to reduce the risk that a major disaster disrupts City operations beyond a reasonable time frame. In addition, a well-defined disaster recovery plan can help reduce the cost of recovery by establishing organized and coordinated efforts to rebuild City resources after a disaster. Without such a plan, the recovery efforts often require an extended time period, force the purchase of replacement equipment at non-competitive rates, and require staff to reproduce manually many records and archival data in an inefficient manner.

Concern - Tape Cabinet Security

The cabinet used to store the computer backup tapes is open and accessible to all employees within the accounting department. Due to the sensitive nature of the tape and its contents, we believe that this area should be locked with access limited to the data processing staff.

Recommendation

We recommend that the cabinet used to store the backup tapes be locked and access controlled by the Data Processing Staff.

Concern - Building Security

We noted during our review that the building has three entry points that are not fully monitored. As such, visitors and unauthorized individuals have the opportunity to enter the building and access sensitive areas of the building without detection. On several occasions during our field work, the rear building door remained open when the area receptionist was away from her desk during breaks, lunch, and/or errands. During these times, a visitor could have entered the building and gained access to any area of the building without restriction.

Recommendation

We believe that since the accounting area contains cash, and mission-critical computer equipment, the security of the area should be maintained as a high priority. This can be accomplished by locking the double doors that separate the administrative offices from the accounting offices. By installing combination locks on these doors, access to the accounting area can be controlled while providing reasonable internal building access to other City staff.

Concern - Data Ownership Policies

We noted that there are no established staff policies to define management's intent with regard to ownership of data assets, computer access, or software use. Such policies set the expectations of management regarding:

- Employees' use of computers to access the Internet, install foreign software (personal software, games, non-standard programs, etc.).
- Unauthorized transfer, release or modification of data.
- Physical access to controlled computer equipment in an unauthorized manner.

Recommendation

We recommend that management review its staff policies and establish clear expectations of staff regarding the appropriate use of automated resources.

Management's Response

Management is aware of many of the concerns addressed in this 99-1 Finding. In previous years management did not feel the risk associated with the lack of segregation of duties in this area justified the additional costs associated with the reorganization of the department to support adequate internal controls, specifically the creation of at least two additional positions. Due to the significant growth in number of transactions and the continued changes in technology, management will again evaluate and document its current decisions relating to each of the concerns addressed above.

In addition, management has begun investigating the costs associated with the purchase of standard software applications.

Finding 99-2

As you are aware, there are some changes within the Public Bid Law and Public Works Law effective August 15, 1999. In addition, the City has no written policy concerning the issuance of small contracts under the bid law requirements. It seems that several department heads could enter into a contract with a vendor and as long as his department was within budget no one would actually be aware of this contract.

Recommendation

We recommend that the City have its in-house attorney assist you in drafting a written policy concerning the awarding of contracts under the amounts required by the bid laws.

Management's Response

Management intends to develop a written policy on the awarding of contracts under the amounts required by the bid laws.

Finding 99-3

The City's current capitalization policy is only \$200. This makes it very difficult on staff to correctly identify the purchase of fixed assets.

Recommendation

We recommend that the City reevaluate its capitalization policy and possibly raise the amount to \$1,000-\$5,000. This would assist personnel in more correctly identifying all purchases of fixed assets.

Management's Response

Management intends to evaluate this recommendation.

Finding 99-4

During our testing of accrued leave (vacation, sick time, and K-time) we noted in a few cases that an individual had actually taken more time off than he/she had actually earned. In all cases noted the excess time was less than 8 hours.

Recommendation

We recommend that the employee's supervisor or department head verify with payroll that leave hours requested does not exceed leave available before approving the leave. In addition, we recommend that the City's computer system not allow leave entered to exceed leave available.

Management's Response

Management concurs with this recommendation.

Finding 99-5

During the testing of outstanding cash balances we noted that check #58758 in the amount of \$61,196.60 had been voided in the system. Although client personnel informed us that the check had been voided, there was no original check defaced with the signature area removed and/or a stop payment order from the bank.

Recommendation

We recommend that any check that is voided be returned and accounted for, defaced with the word VOID across the face, and the signature area of the check removed. In addition, the City should require a stop payment order for any check voided but not returned.

Management's Response

Management plans to implement the recommendation immediately.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above is believed to be a material weakness.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the Financial Information Officer, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Hammond, Louisiana, is a matter of public record.

Respectfully submitted,

Harris J. Bourgeois, L.L.P.